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# COMMERCE

M A G A Z I N E

Report To Industry On Japan . . . . .

Meet "MRO" . . . . .

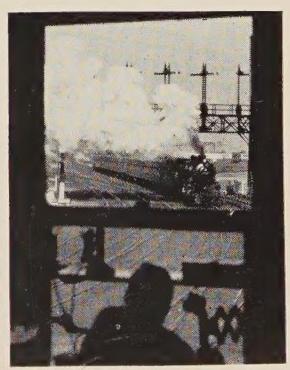
The Weather Makers . . . . .

What Happened To Our Sulphur? . .

When Is Competition Competition? .

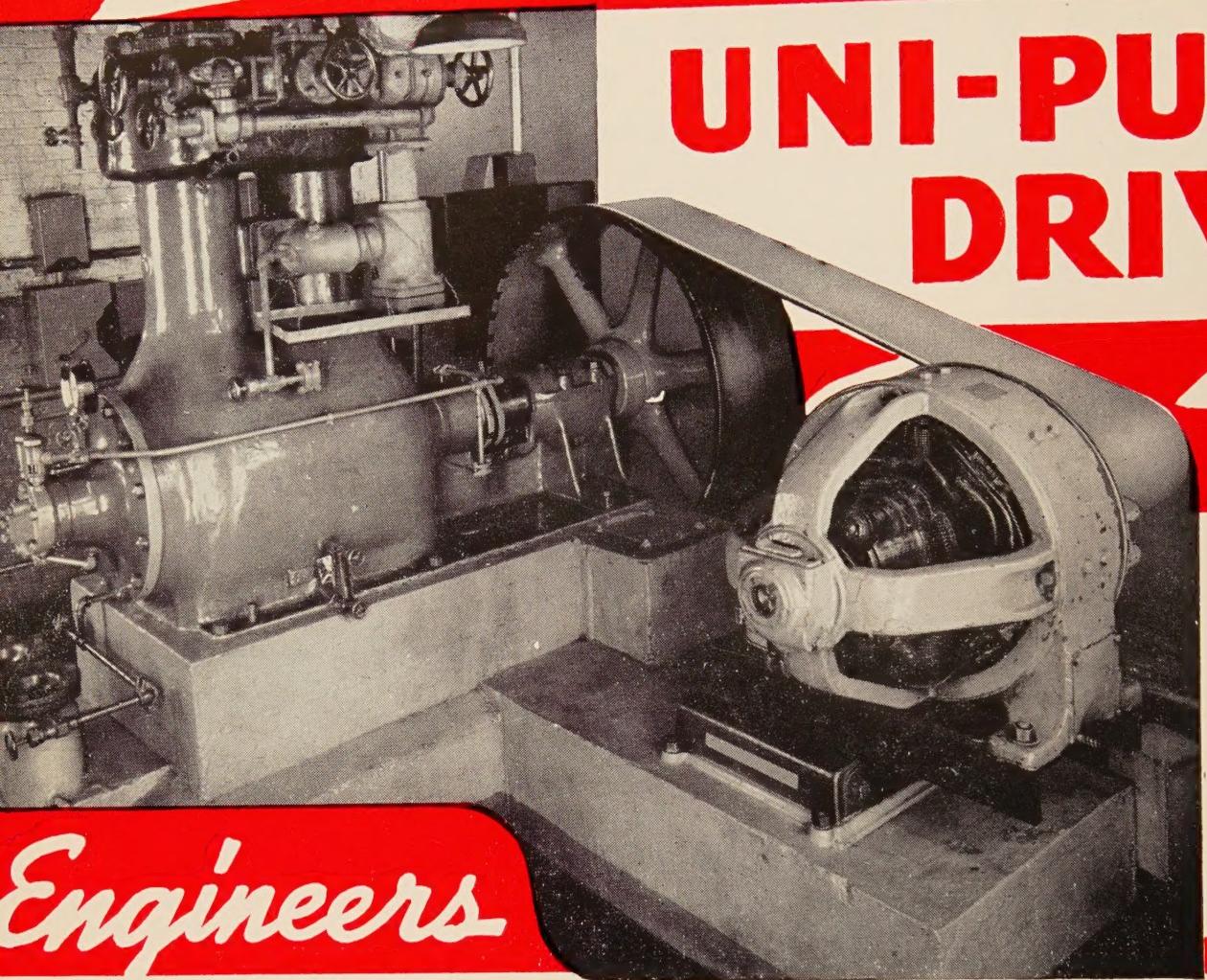
JULY, 1951

35 CENTS



# *Swing to the*

## **UNI-PULL DRIVE**



One of two monia compressors installed in a large Eastern ice plant each driven by a 75 horsepower 1150 r.p.m. motor with pivoted motor base; driver pulley dia. x 17" is driven pulley dia. x 17 $\frac{3}{4}$ " and 56" center distance. 16" heavy two leather belts on both compressor drives. These drives paid for themselves in less than a year.

### *Engineers*

## *Agree "Greater Production!"*

The swing is definitely underway to the Uni-Pull Drive and Chicago Flat Leather Belting! The urgent need for greater production with present existing equipment has resulted in a continuous demand for this highly efficient power transmission drive. Plant Engineers recognize here is a modern low cost drive far superior to multiple-pull drives because:—

1. Uni-Pull provides steady uniform power delivery despite sudden changes in the load. The Tension-controlling motor base automatically maintains proper tension at all times insuring maximum production with less wear on motor and machine bearings. Eliminates jerky end breaking starts and expensive shut-downs.

2. Flat Leather Chicago Belts act as an Alignment Indicator. If not correctly aligned, the belt will run partly or completely off the face. Multiple pull belts when misaligned continue to run without indicating trouble and grind away service life against grooved walls.

3. Uni-Pull provides uniform pulling power ACROSS and AROUND the pulley faces because the pull is UNIFIED in one belt, one grip, one even tension. No multiple belt drive can match or surpass the all around power transmitting ability of LEATHER belting.

You can modernize YOUR plant for greater continuous production with Uni-Pull. For years of carefree operation, call MONROE 6-5050 and ask for a Sales Engineer.

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We offer a complete service on all your leather belting requirements—a single belt or a new plant installation.

### **CHICAGO BELTING COMPANY**

MANUFACTURERS OF LEATHER BELTING AND LEATHER PACKING

GREEN & WASHINGTON STREETS, CHICAGO



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- Here at last is a water cooler guaranteed to give you a cool drink with never a spurt, splash or squirt! The patented "Fountain" provides a constant, steady, self-adjusting drinking stream regardless of varying local pressure. Takes the "eye-wash" permanently out of getting a drink!
- The improved Oasis "Pre-Kooler" doubles the volume of cooled water available. And the exclusive Oasis fan-less condenser makes this the quietest water cooler on the market—no fan jangle.
- You can have Oasis quality water coolers in hand-operated or foot-pedal models. Complete line provides models with capacities from 3 to 20 gallons per hour.

# OASIS



Also Manufacturers of  
The Famous Oasis Air Drier



**3**

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**UNITED  
AIR LINES**

## STATISTICS OF CHICAGO BUSINESS

	May, 1951	April, 1951	May, 1950
Building permits	878	704	1,111
Cost	\$27,124,600	\$13,234,400	\$18,585,600
Contracts awarded on building projects,			
Cook Co.	1,670	1,723	2,100
Cost	\$44,773,000	\$65,150,000	\$58,661,000
(F. W. Dodge Corp.)			
Real estate transfers	7,206	6,245	7,600
Consideration	\$6,401,346	\$5,183,829	\$6,782,500
Department store sales index	238.4*	220.2	222.0
(Federal Reserve Board)			
(Daily average 1935-39=100)			
Bank clearings	\$3,996,171,147	\$3,751,120,937	\$3,371,014,737
Bank debits to individual accounts:			
7th Federal Reserve District	\$20,116,362,000	\$19,039,015,000	\$16,536,412,000
Chicago only	\$10,099,589,000	\$9,684,709,000	\$8,256,335,000
(Federal Reserve Board)			
Midwest Stock Exchange transactions:			
Number of shares traded	1,364,000	1,182,000	1,505,000
Market value of shares traded	\$45,115,036	\$37,198,069	\$43,105,333
Railway express shipments, Chicago area	911,342	906,703	1,037,333
Air express shipments, Chicago area	56,180	56,160	62,333
L.C.L. merchandise cars	20,113	20,102	21,793
Electric power production, kwh	1,148,800,000	1,148,196,000	1,028,995,000
Industrial gas sales, therm	10,464,709	13,002,112	9,537,112
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division	52,204,191	50,321,684	56,291,684
Rapid transit division	12,791,814	12,413,476	12,533,277
Postal receipts	\$9,850,134	\$8,998,894	\$9,352,453
Air passengers:			
Arrivals	201,540	181,785	159,150
Departures	208,073	185,154	165,211
Livestock slaughtered under federal inspection	489,199	468,615	474,066
Families on relief rolls:			
Cook County	23,139	24,169	30,400
Other Illinois counties	14,837	16,798	21,013

\*Preliminary figure.

## AUGUST, 1951, TAX CALENDAR

Date Due	Tax	Returnable to
1	Franchise Tax becomes delinquent and penalties of one per cent per month begin to accrue	Secretary of State
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	Authorized Depositary
15	Illinois Retailers' Occupation Tax return and payment for month of July	Director of Revenue
31	Federal Excise Tax return and payment due for July, 1951	Collector of Internal Revenue

# COMMERCE

MAGAZINE

PUBLISHED SINCE 1904

BY THE CHICAGO ASSOCIATION OF COMMERCE AND INDUSTRY  
1 NORTH LA SALLE STREET, CHICAGO 2 • FRANKLIN 2-7700

JULY, 1951

VOL. 48

No. 6

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Published monthly by The Chicago Association of Commerce and Industry, with offices at James and North Cook Streets, Barrington, Ill. and 1 North LaSalle Street, Chicago 2, Ill. Subscription rates: domestic \$3.50 a year; three years \$7.50; foreign \$4.50 a year; single copies 35 cents. Reentered as second class matter June 2, 1948, at the Post Office at Barrington, Ill., under the act of March 3, 1879. Copyright 1951, by the Chicago Association of Commerce and Industry. Reprint permission on request.

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## In This Issue . . .

Howard F. Van Zandt, whose two-part "Report to Industry On Japan" begins on page 13, is the third generation of a Chicago family to live in Japan. His first sojourn in the island empire began in 1918 when his father accepted a position as chief engineer of the Asano Cement Company. Van Zandt learned Japanese as a youngster, completed all but one year of his high school education in Yokohama, and later returned to this country for university study. He was invited to return to Japan in 1946 to serve on the Civil Communications Section of General MacArthur's occupation staff with the responsibility of advising the Japanese Ministry of Telecommunications on reconstruction and rehabilitation.

Much of his postwar work in Japan has been directed toward overhauling Japanese business methods and improving labor efficiency. Van Zandt remained in Japan until early this year, studying business problems in all of the country's 46 prefectures. Long an authority on Japanese-American trade and industry problems, the author is one of a handful of American businessmen who speak, read and write the Japanese language fluently.

Since returning to this country, Mr. Van Zandt has joined the Kellogg Switchboard and Supply Company as assistant sales manager.

Professional rain-makers have been in and out of the headlines for several years now, and in the wake of their newsmaking undertakings have churned up more than one argument. Georg Mann explores the many-sided wrangle on page 18.

Banking has undergone an evolution — if, indeed, not a revolution — in the last two decades. Bank interiors are more friendly and cheerful than ever before, banking services are broader, and even the humblest customer now gets a warm smile from the guard at the door. It's all part of a nationwide "merchandising" program that has increased public good will toward the banks immeasurably. Betty Savesky tells the story, page 21.

# GAS AT WORK



View of all gas-fired kitchen featuring modern stainless steel cooking equipment at Riccardo's Studio Restaurant, 437 N. Rush St., Chicago, Ill.

RICCARDO'S Studio Restaurant, located on Chicago's near North Side, is well-known from coast to coast for its excellent Italian cuisine and Bohemian atmosphere. It is the favorite meeting place of famous artists, distinguished authors and columnists, as well as celebrated stars of radio, stage and screen.

Gas is used exclusively in the preparation of all food, including broiling, baking, roasting, deep fat frying and boiling. Over a period of many years, Riccardo's has found gas to be the ideal fuel for all cooking needs in catering to the varied tastes of such an exacting clientele.

# The Editor's Page

## Another Great Debate?

**W**HAT might be called The Great Debate Number Two is now in progress among economic forecasters. The momentous question is, "Have the forces of deflation replaced those of inflation as economic public enemy No. 1. No one, of course, knows the answer although everybody would like to. Everyone does know, however, that at the moment deflationary forces are in the ascendancy. Prices have been softening and inventories in many lines, particularly consumer durables, are reported to be uncomfortably large and sticky.

A number of reasons have been advanced for the present situation. It is pointed out that civilian goods production, instead of being crippled by the defense program, actually hit new highs late in 1950 and early in 1951. Much is also made of the fact that tight credit controls have impaired consumer buying.

Against these speculations, the Federal Reserve Board has just come out with some interesting information based on one of the periodic surveys done for it by the Survey Research Center of the University of Michigan. According to this study, which was made in January and February, just when the last buying boom was in its final stages, "consumers were not very optimistic concerning their income prospects in relation to expected price rises." Many "felt that times were not favorable for the purchase of major durable goods primarily because prices were too high. . . They were not disposed to reduce savings to buy goods in anticipation of higher prices."

This bit of intelligence puts the second quarter slowdown in a different perspective. Apparently prices, which did not seem to mean much in the first six months after Korea, came again to have a controlling influence in the market place.

Under these circumstances it would not be difficult to foresee what might happen in the near future if it were not for the fact that the long awaited sharp cutbacks in civilian production actually are going to begin to happen in the third quarter. Evidently because of that fact Federal Reserve Board economists were very cautious in peering ahead. They went so far, however, as to say "These (consumer) attitudes make the task of controlling inflation less difficult than it would otherwise be." Congress, which has been most reluctant to extend the administration's control powers for two years and make them more extreme, appears to have the same idea.

One thing is sure. The caution sign on prices is out for labor, business and agriculture to see.

## ■ Death of A (Door-To-Door) Salesman?

**N**O less a legal body than the U. S. Supreme Court has delivered a jolting body blow at those hard-working, little-appreciated folks at the grass roots of consumer merchandising. By a 6-to-3 vote, the high court has ruled that a community may, in effect, forbid door-to-door selling, thereby supporting the position taken 20 years ago by sleepy, little Green River (pop. 3,181), county seat of Sweetwater County, Wyoming. Traveling salesmen, pausing between trains, so overran the tiny town that back in 1931 the village council passed an ordinance forbidding peddlers to call on a home without first receiving the householder's invitation. Since then, more than 500 other communities have passed "Green River Ordinances."

One can only speculate as to the effect of this ruling on the nation's \$1.4 billion direct-selling industry. Does it mean that the storied peddlers of brushes, home appliances, books, magazines, etc., will disappear from the highways and country lanes of America? Several answers have been submitted by merchandising authorities, but the one that appeals to us is simply this: it depends upon the action taken by companies which utilize door-to-door selling.

Few householders have escaped the annoyance of a door-to-door peddler who was over-persistent and undercourteous. It is more than an outside possibility that the august Supreme members, themselves, had at one time or another jostled with a gentleman with a castiron toe in the door.

Nevertheless, direct selling is a vitally important segment of consumer merchandising. Yet even those who should know better have been inclined to look down on the business and forget its value to industry and to American free enterprise. In light of the court decision, it behooves those concerns which utilize direct selling to re-emphasize the good, and eradicate the bad. Much progress has already been made in this direction through organized effort of direct sellers. If this progress is continued, there need not be more "Green River Ordinances" and those in existence could become dead letters from lack of enforcement. The outcome will depend on what direct sellers themselves do to improve public goodwill toward this ancient and important arm of marketing.

## ■ Accomplishment!

**P**RESIDENT Truman, who toured the country in 1948 calling the 80th Congress the "Do Nothing Congress," hasn't so dubbed the present Congress which has done less. Maybe the point has not escaped him that Congress has done a great deal by refusing to rush through most of the legislation he has requested.

*Alan Sturdy*



## One La Salle Street

Here, at the center of Chicago's financial, life insurance, legal, and commercial activities, skill and expert scientific planning have created a modern business setting of outstanding distinction. The many prominent tenants of this great building appreciate not only this factor of central location, but also the high standards of service maintained for their comfort and convenience, making One La Salle Street an address of prestige. For all who seek downtown office space, the special advantages afforded at One La Salle Street are worthy of first consideration.

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**Management Agent**

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# HERE-THERE and EVERYWHERE

- **Atomic Age Note** — One person would have to eat, at a single sitting, 100 pounds of Columbia River salmon caught just below the Hanford atomic energy installation to consume a noticeable amount of radioactive material. This reassuring word, indicating how slightly atomic operations affect nearby areas, comes from the General Electric Company which operates the Hanford works for the government. Columbia River water is pumped through the plant to cool the atomic reactors, then returned to the river, but only after its radioactivity has been reduced almost to the vanishing point.

- **Cleanliness Is Next To . . .** — The National Cotton Council, which has been scouting employee washroom habits, reports that there's nothing like a cotton towel, in which the NCC has more than a passing interest, to encourage a person to wash his hands and face. Survey findings: with a cotton towel available, 98 out of 100 washroom visitors will wash their hands, 15 will wash right up to the elbows and 25 will even wash their faces. Without a cloth towel, declares the NCC, only three persons out of a hundred will wash their faces!

- **New Ad Medium** — Chicago streetcar and bus riders will find advertisements on the backs of transfers beginning next September as a new ad promotion, based on the 1,200,000 daily "circulation" of transfers, gets started. The agency handling the idea calculates that the average rider spends 22 minutes in transit, plenty of time to read a transfer ad. To whet interest, the transfers will be further embellished with jokes, a new one each day!

- **Close-Outs Rising** — It is common practice for a manufacturer to close-out a slow moving product,

but in recent months the disposal of discontinued lines has increased sharply. So reports Chicago's A. N. Brooks Company, one of the nation's biggest buyers of close-out lots of housewares, novelties and toys. There are two big reasons for the increase, the company adds. First, raw material shortages and government restrictions have forced manufacturers to drop normally successful lines. Also, the trend to defense work has added to the close-out market.

- **Record Business Census** — The U. S. business population reached a new high of 3,997,700 operating establishments late last year, according to a recent Department of Commerce survey. This exceeds the previous high of 3,994,220 concerns in the second quarter of 1948. The biggest single block of operating enterprises is in the retail trade field, which by itself represents more than two out of every five business establishments in the country.

- **Airline Anniversaries** — This year has turned out to be quite an occasion for airline anniversaries. United Air Lines, marking their twenty-fifth year in business, recently dedicated a huge "Wings of Progress" airline exhibit at Chicago's Museum of Science and Industry. Northwest Airlines, also celebrating a silver anniversary, has been searching the country for remains of the three original Stinson-Detroiter with which it started regular service in 1926. Success to date: none. Mid-Continent Airlines, marking its fifteenth anniversary this month, will add the 35th city, Lincoln, Neb., to a mid-state airline network that began in 1936 with just seven planes.

- **Split-Up Aftermath** — What happens when a company splits its stock? Does the price go up or down?

(Continued on page 33)

*Be Wise*

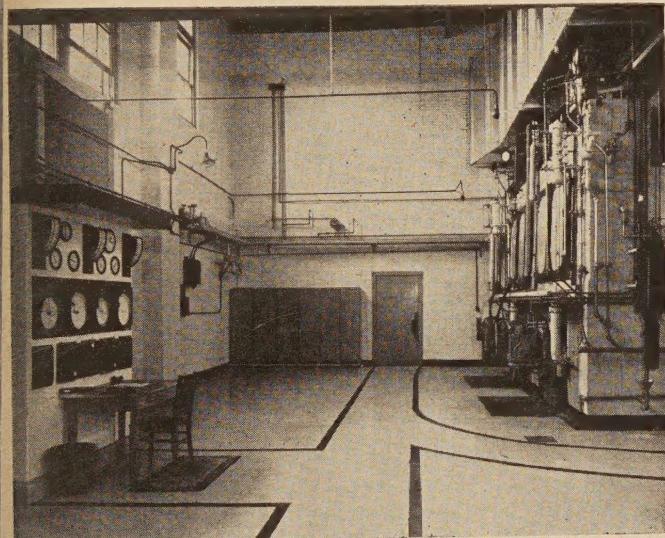


# IRON FIREMAN-IZE

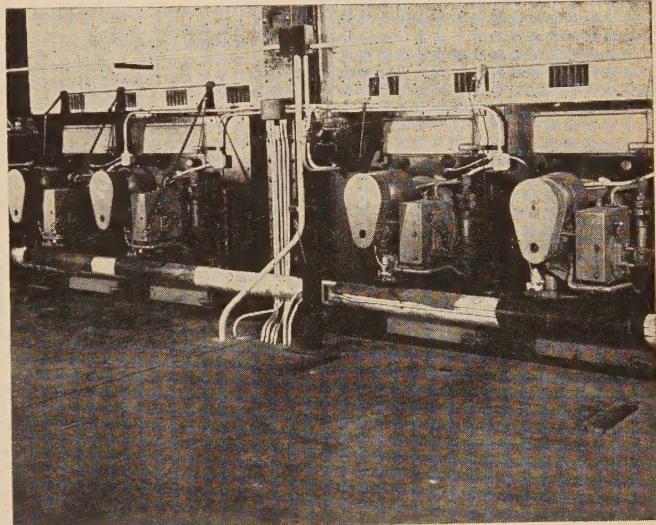
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cut those fuel bills**

**IRON FIREMAN ROTARY OIL BURNERS** are doing a bang-up heating job in the big boilers of these two well known Chicagoland users, with low-cost, heat-rich heavy industrial oils.

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**ST. THERESA'S HOSPITAL**, Waukegan, Illinois. The two 180 H.P. high pressure Kewanee boilers in this beautiful modern plant are fired by Iron Fireman Rotary oil burners. Herman Gaul & Sons, Chicago, Illinois, Architects and Engineers.



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## Trends in FINANCE and BUSINESS

### State Industrial Accident Cost Set At \$479 Millions

Industrial accidents in Illinois cost almost half a billion dollars a year — and of course, the great majority could be prevented with a little common sense. The huge loss figure has been established in a recent study by the Illinois Department of Labor, which made no attempt to estimate the immeasurable toll in human suffering resulting from on-the-job mishaps.

The total annual cost of industrial accidents within the state was placed at \$479,003,000, of which about \$300,000,000 was carried by employers, the remaining \$170,000,000 by workers themselves. Employer expenses include the cost of work-time losses, property damage, material spoilage and production losses as well as compensation payments, insurance overhead, medical expenses and administrative costs. Employee expenses represent wage losses not paid for completely under the state's workmen's compensation acts.

According to the study, there are about 132,000 accidents in Illinois industry each year which result in lost time. Of these only about 48,000 are compensable under the workmen's compensation acts. An injured worker qualifies for compensation only if he is disabled permanently or loses six or more working days as a result of his injury.

» » »

### Savings And Withdrawals Now About Balance

In the second half of last year, Americans withdrew virtually the same amount of their savings in E bonds, savings banks, savings and loan associations and postal savings, as they invested in these four major avenues of per-

sonal thrift. This is pointed out by the Institute of Life Insurance in a survey of national savings practices which indicates that average Americans continue to put substantial sums in savings accounts of one type or another, but that other average Americans are withdrawing their savings at such an accelerated rate that the savings-withdrawal rate in the last half of 1950 reached 99 per cent.

The ratio between new savings and withdrawals, according to the institute survey, has been rising almost steadily since the last war. From 1945 to 1949, withdrawals averaged between 83 and 88 per cent of new savings. In 1950 they stood at 88 per cent for the year as a whole, but in the last half of 1950 the ratio jumped to 99 per cent. During this six month period, \$7.1 billion was placed in new savings of these four selected types, while \$1.0 billion was withdrawn from the same type of funds.

» » »  
**Earnings Trends  
Since Korea  
Are Analyzed**

In an analysis of recent employment and wage trends, the National Industrial Conference Board has discovered that: (1) hourly earnings in manufacturing industries increased an average of 8.5 per cent in the year ending January, 1951; (2) hourly earnings in non-manufacturing industries ranged from 2.1 per cent (in retail trade) to 10.3 per cent (in nonmetallic mining and quarrying); and (3) the manufacturing earnings increase has been very close to the permissible 10 per cent "catch-up ceiling."

So far as employment trends are concerned, the board discovered four principal developments, in addition to wage increases, since Korea. Employment has increased. There has been some shift in employment to

(Continued on page 46)

**V.I.P.**

**Delta AIR LINES**

**VACATION INCENTIVE PLAN**

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**Send efficiency UP  
with Delta's LOW COST  
Incentive plan**

A stack of brochures titled "V.I.P. Vacation Incentive Plan" is shown in the bottom right corner.

**Y**OU get fast and profitable results from Delta's new incentive plan now available to all types of business firms.

It is based on all-expense vacations by air instead of scrolls, merchandise or cash prizes to stimulate production and sales . . . spark safety and economy drives . . . boost morale and check absenteeism.

Results prove that air vacations by far outpull any other awards of equal value. A Miami Beach vacation, or flights to such foreign points as Nassau, Havana and Jamaica, plus all the luxury of Deltaliner travel, appeal most to most persons. In addition to Miami Beach vacations and foreign side trips, Delta will plan complete trips for you to any point on the system.

Vacations work for you, too, for winners come back relaxed, refreshed, ready to go. Enthusiasm and morale continue high long after contest is over.

The plan works this way: You fix the goals. Then, Delta adds sure-fire incentive. Colorful bulletins, posters, folders, flight and vacation literature — everything to stir interest and a sustained drive to win — is supplied free of charge. Costs are low, for Delta packaged vacations cover all travel, hotels, and sightseeing and offer luxury on a budget.

**Write for complete  
V.I.P. details**

By return air mail, Delta will send a complete VIP kit of posters, promotional aids and suggestions, and related descriptive material, plus complete details of this incentive plan with typical vacation trip prizes and costs.



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自由と平等が高られて婦人の代議士が現れました  
今度の選挙で婦人の町長さん  
今度政治は婦人と直接につながれな  
婦人の皆さま  
選挙の結果は日本婦人をはかる  
どうぞしつかりした心が大き  
選挙にのんで下さい



To

卷之三

国民一人一人が政治の責任者である

は誰にある！  
にあら  
道んだ政府、  
道んだ領  
れが道んだ領  
さん・町長さん  
はど難なもの  
国民が行

長官や  
はなし  
う政治！

選挙権は誰のもの？  
国民一人一人のものある？  
政治の責任は誰にある！  
国民全体にある！  
国民党が選んだ政府、  
わかれわかれが選んだ都長官や  
区長さん・町長さん  
これほど醜なものはない！  
これほど丑い政治！  
国民が行う政治！  
これを立派に  
決定するのが  
選挙だ

COMMERCE

for July, 1951

# REPORT TO INDUSTRY ON JAPAN

By Howard F. Van Zandt

*A MacArthur technical staff expert begins a two-part report on postwar Japan—her industry, her economic position in Asia, and her U. S. market potentialities*

A JAPANESE gentleman recently invited his closest friends to his funeral. With Buddhist priests in attendance, the service included prayers, burning of incense before his picture, contributions of ceremonial food, finally a few cups of *sake* in his memory.

What made the funeral different from the million or so annually conducted in Japan was that the obsequies were said over a man who was not dead. The rites concluded, he climbed cheerily from his coffin and joined in the libations!

What prompted this strange performance was that the "deceased" man had attained the age of 42 and wanted to start a new business. "Forty-two," pronounced "shi-ni" in Japanese, has a bad connotation because it is homonymous with the word for death. Few Japanese will start a new enterprise when they

are 42, for people believe that the result will be calamitous. The easy thing is to wait a year.

Being unable to wait, this gentleman solved his problem by going through the formalities of dying, and then being reincarnated immediately. When a Japanese is born he is one year old by Oriental methods of calculating age. The number one being auspicious in Japan, the "reborn" businessman thereupon proceeded with his new enterprise, firm in the conviction that it would prove abundantly successful.

## "Old Japan" Is Dead

As a nation, Japan is not unlike this "reincarnated" business man. For at least a decade before the outbreak of war between Japan and the Western Powers, Japan's business leaders feared and resented the actions of the "gunbatsu" or military clique. So long as the sword dominated national policy, Japanese businessmen were severely handicapped by boycotts and by

the refusal of American capitalists and business men to cooperate in the development of East Asia.

With Allied victory, however, old Japan died. For the past six years the nation has been going through what amounts to a complete rebirth, with Allied occupation forces performing the role of midwife. The transformation has made one fact manifestly clear: reborn Japan desperately wants American business to participate in her new life. Manufacturers, capitalists, industrial and management engineers, and traders from the United States are indispensable to Japan if she is to develop industrially to the extent necessary to support her own population and at the same time help raise the appallingly low living standards of other countries in east and south Asia.

In many ways, present-day Japan is strikingly different from the Japan of the warlords. Before its defeat, the Japanese Empire included Korea, Formosa, half of Sakhalin Island, Ryukyu, the Kuriles, the Bonins, and the mandated

*Acme photo*

← Symbols of a rising democracy in Japan: government artist prepares signs urging long-disenfranchised Japanese to vote — many for first time.

territory of the Pacific islands—in all, 260,400 square miles or about the land area of Texas. Today, defeated Japan has been compressed to 147,000 square miles, an area about the size of Montana. The population of her four remaining home islands was 72,400,000 at the end of the war. Yet it is estimated that it will reach 85,000,000 by next August.

About 58 per cent of this increase has been due to an extraordinarily high birth rate; the remainder to the forced repatriation of Japanese from Korea, Manchuria, Inner Mongolia, Formosa, and other places in the Far East to which her people had been migrating for nearly 80 years.

#### The Population Problem

Population is Japan's primary problem. One of the major reasons for Japan's military ventures on the Asian mainland in the 'thirties was to find space for her swollen millions. According to **The Mainichi**, the influential Japanese newspaper that sponsors the Populations Problems Research Council, no more than 50,000,000 people can be "decently" sustained by Japan's present-day economy—now that it is stripped of supporting possessions and "spheres of economic influence."

Geographically, Japan is worse off than England. Only 15 per cent of the island can be cultivated. Almost 80 per cent is mountainous or hilly, 55 per cent is forest. Her

**"THE JAPANESE PEOPLE,** since the war, have undergone the greatest reformation recorded in modern history. With a commendable will, eagerness to learn, and marked capacity to understand, they have, from the ashes left in war's wake, erected in Japan an edifice dedicated to the primacy of individual liberty and personal dignity, and in the ensuing process there has been created a truly representative government committed to the advance of political morality, freedom of economic enterprise, and social justice . . .

"I know of no nation more serene, orderly and industrious nor in which higher hopes can be entertained for future constructive service in the advance of the human race."

*Gen. Douglas MacArthur to a joint meeting of Congress, April 19, 1951.*

pint-size farms average less than  $2\frac{1}{2}$  acres, and cultivation is intensive. Almost every rice plant and wheat stalk is individually nursed to maturity. Agricultural production might possibly be raised 20 per cent by the reclamation of submarginal land. But, by the time this enormous and costly project could be completed, the population of the country would have increased by more than 20 per cent—leaving the nation no better off than it is.

Unable to feed her population from her own farms, Japan depends

heavily upon her position as the "workshop" of Asia for the profits needed to buy food abroad. She imports 20 per cent of her staple foods, 90 per cent of her sugar, all her coffee, bananas, and cocoa.

Military defeat has greatly aggravated Japan's food problem. She has lost Manchuria and Inner Mongolia, both important sources of food. She has lost Formosa and the Ryukyus, her principal sources of sugar. The Soviet Union, having annexed Japan's half of Sakhalin Island and the Kuriles, has forbidden Japan to fish the rich waters of the Sea of Okhotsk.

#### Strongly Anti-Communist

A lesser, but none the less worrisome, problem for Japan—and the United States—is her military impotency. Staunchly anti-Communist, Japan shudders audibly at the Red horde at her doorstep. The Nippon Times voiced the universal fear last April: "Only the United Nations forces, battling heroically in Korea to stem the Communist hordes, stand between Japan and enslavement under the Red tyranny." Her only armed force of any size is the Japanese National Police Reserve, organized last year to provide a mobile supplement to the municipal police and the national rural police. NPR's 75,000 men have no weapons larger than machine guns and are as yet only partially equipped with vehicles.

Although the National Police Reserve could conceivably become

Scaffolding still can be seen in Tokyo's business and theater district as a vast postwar rebuilding project continues on buildings gutted by fire raids. At left is the Asahi Newspaper Building; steeple at right is Ginza Christian church.

Ewing Galloway



the nucleus of a new Japanese army, the odds are heavily against such an eventuality. The Japanese constitution would have to be amended and permission obtained from the occupying powers. Furthermore, there is opposition in the present cabinet to the creation of an army, on grounds that it would fall under the domination of the surviving "gunbatsu" clique and that the country's resources are inadequate to carry the burden of an expensive military establishment.

Like the United States, Japan is a nation of small capitalists. Under occupation direction, members of her former "zaibatsu" (monopolistic capitalist) class were stripped of their vast holdings, which are being bought up in tiny chunks by hundreds of thousands of small business men. Land reform laws passed in the past six years have enabled 89 per cent of Japan's farmers to own the land they cultivate.

#### Reds Weeded From Plants

Significantly, Communist workers in critical industries were weeded out and dismissed in 1950. Today there are probably not more than 60,000 card-carrying Communists left on the islands. Of the 466 members of the Japanese House of Representatives, only 36 are Communist. There has been a strong anti-communist movement since January, 1949, when these 36 were elected. Thus, the chances are that, short of a radical shift in political currents, the democratic solidarity of the people will be a powerful factor in preserving peace in the Far East.

Japan's immediate problem is to clean up the remaining debris in her war-shattered cities, rebuild her demolished homes and factories, and restore her industry to operating efficiency. If these tasks are completed speedily, her people will in all likelihood remain contented with the Allied-imposed democratic government, and increasingly disinclined to trade their liberties for the doubtful security promised by Communism.

Reviving Japanese industry is, however, much easier said than done. According to the U. S. strategic bombing survey, "the physical destruction from the air attack on Japan approximated that



Acme Photos

Japanese throng to American-made films while shunning their own, as friendly feeling toward the United States reaches the strongest pitch in many decades.



Typical of the many airfields turned into farms to help solve Japan's food problem.

Posting returns from Japan's sixth postwar election last year, at which the anti-Communism stand of the Yoshida government was endorsed by a wide margin.





Rain-maker Bob Symons grinds dry ice, prior to beginning "seeding" run over high Sierras in California.



New York City detective inspects hopper through which dry ice was fed to clouds over arid metropolis last year.

Legal storm clouds are brewing for

# THE WEATHER MAKERS

Whose rain do the "rain-makers" make, if they really make rain at all?

ONE OF the biggest — and strangest — disputes in the United States these days revolves around a scientific phenomenon that may not be a scientific phenomenon at all! It may, in fact, be a figment of wistful imagination that has cost gullible Americans tens of thousands of wasted dollars.

The phenomenon, if it does exist, is human "rain-making." The red hot issue has brought U. S. Senators and some of the nation's best scientific minds, among other interested parties, into violent dispute over such questions as these:

## No Legal Precedents

Can human beings actually "seed" clouds with substances that produce rain? If they can, what legal precedents can possibly exist for controlling the unnatural enterprise, so that floods, droughts, drowned out business, rotted crops and arid city water faucets will not follow in the wake of the professional "rain-makers"? (For simplicity, "rain-making" and similar expressions relating to the unverified handicraft

By GEORG MANN

will hereafter be relieved of the editorial shelter of quotation marks.)

The rain-making controversy must be disentangled on a dozen different levels. On the one hand, there are eminent scientists, including one Nobel Prize winner, who are firmly convinced that cloud seeding can produce rain. Opposing them are experts of the U. S. Weather Bureau, of New York University, and of Massachusetts Institute of Technology, who remain stubbornly unconvinced that man can so tinker with nature. Both sides agree simply that further experiments are needed — though one side is interested in improving, the other in confirming, the process.

On another level, legal experts are horrified at the damage suits that have already arisen out of rain-making. The reason: one man's rain is another man's poison; the farmer's deliverance is the housewife's Monday morning disaster.

Moving up a bit, there is as neat a legislative puzzler as man and the weather ever produced. Who can prevent rain-making from causing erosion or robbing neighboring areas of moisture in what one Western state governor calls "cloud piracy"?

## Ample Financial Backing

As for the professional rain-makers already in operation, what about the future of their business?

Starting with the last question first, it looks as though the professional rain-makers are here to stay, unless further scientific research knocks the props from under them. As Senator Clinton Anderson points out, one of the strongest arguments in their favor is that their financial backers, after an initial trial, are usually eager to continue their support.

In the Southwest and the Far West, rain-makers have been operating since 1946, shortly after the first scientific tests. A typical example is Nick Gregovitch of Arizona who heard of the first dry ice seeding



General Electric weather scientist fires billions of silver iodide particles skyward to crystallize a cloud into snow.



Acme Photos

A two-year "seeding" operation by Bob Symons (pictured on page 16) has upped snowfall 10 per cent over Sierra range.

experiments, happened to own a plane and some dry ice left over from a shipment of ice cream and with no more capital investment went into business as a rain-maker.

In California Rain-maker T. R. Gillewarter took credit last September for saving some 45,000 acres of ranch land from drought. He had first been subsidized by cattlemen worried about sun-parched pastureland. Gillewarter's backers were so enthusiastic over his rain-making that they pledged \$27,000 for year-round operations, enabling him to spend the Winter trying to increase the snow pack as a Summer irrigation reservoir.

A California Electric Company rain-maker has been seeding clouds over the Sierras since January, 1948. Last July, one of its pilots was credited with starting a rainstorm that halted a forest fire dead in its tracks. Traditionally drought-plagued California Electric, whose goal is to provide a head of water for hydroelectric generators, figures that its man-made rain has provided \$56,000 worth of electricity—based on comparable steam plant costs.

#### Successful Cloud Seeding

Oregon's Rogue River Valley was covered in 50 seeding flights from November, 1949, to March, 1950. Some apparently caused rainfall, others were duds. The net result, however, was that three irrigation districts voted to continue the program through last Winter. All of which would seem to indicate that those who pay the bills seem to re-

gard rain-making as worth every penny spent on it.

Prominent among the professional rain-makers is Irving Krick, whose Water Resources Development Corporation has developed its own seeding devices, using ground-based silver iodide generators. One of Krick's portable machines sends 30 quadrillion microscopic crystals of silver iodide into the air in '60 seconds flat. With such elaborate apparatus, Krick claims local increases of rain ranging from one to four inches.

#### New York's Experience

Other operators have been seeding areas in Cuba, in Honduras (over 200 flights for the United Fruit Company), and in Hawaii. One pilot recently hired to combat a water shortage in Greece, seeded clouds above the Marathon Dam, 20 miles north of Athens.

Most publicized of the rain-making undertakings, however, has been the costly one sponsored by New York City. The operation began early last year with the city's reservoirs below the 50 per cent mark and officially-inspired "waterless days" doing little to ease the shortage. Dr. Wallace E. Howell of Harvard University, the city's \$100-a-day rain-making consultant, thus began seeding the clouds over the thirsty metropolis. Sometimes rain fell, sometimes snow. Howell at first refused to commit himself on his success, because of the looming suits from those inconvenienced by the rain that did fall. His contract was renewed, however, for

a second six months period. At last reports, it was allowed to lapse, with city reservoirs filled almost to capacity and dark clouds of legal action needing no stimulation for a downpour.

Rain-maker Howell's chief competitors, incidentally, were "anti-rain-makers" hired by Palisades Amusement Park, across the Hudson River, to keep the skies cloudless at \$500 a day! Just how the "anti-rain-makers" operated is a subject of debate, some contending they were merely betting against the possibility of rain.

One thing the New York weather shenanigans did prove; rain-making can be a highly profitable occupation. Especially in light of the fact that the operation is relatively inexpensive. Irving Langmuir, one of the initial developers of cloud seeding figures the cost of silver iodide at about a dollar for every 4,000 square miles seeded. Only additional costs are for planes or devices that blow silver iodide from the ground.

#### Legally Speaking, Well . . .

Legally speaking, rain-making risks are enormous. Many legal authorities believe that some way has to be found to protect the weather makers against those who are certain to be damaged by their actions. The matter has created an entirely new field of law with entirely new problems. Whereas city reservoirs, farmers and ranchers benefit, florists, builders and department stores often suffer serious

(Continued on page 43)

# NOW MEET "MRO"

## —OR HOW TO KEEP PLANT AND MACHINES OPERATING

Washington's newest symbol-jargon covers "maintenance, repair and operating" supplies

**I**N A PERIOD of mobilization such as the present, one of the problems that faces every business man, and which also extends to institutions like hospitals, schools, libraries, clubs, and churches, is that of keeping up with the job of maintenance and repair and getting the normal amount of operating supplies — "MRO" in the alphabetical symbol-jargon brought into use by the regulations of government.

How does the advent of the Controlled Materials Plan affect this problem? With steel, copper, and aluminum wholly under allocation, how is the average concern going to make sure it gets a continued supply of the equipment it needs, utilizing these materials, which is essential just to keep it in normal business?

The answer lies in a regulation that is to be known as CMP Regulation No. 5. In effect, each business, institution, or government agency which needs equipment utilizing any of the "big three" commodities will be authorized to use allocations for itself, under certain rules.

### No New Forms!

Wonder of wonders, it won't even require the filling out of a new set of government forms in triplicate or quadruplicate, or getting the prior approval of a government agency. The government is willing to entrust this job to the business man himself. It is much too big a job to administer on an application-and-approval basis. The paper work

By JACK ROBINS

would require an army of bureaucrats. The government does, however, retain the right to perform a post-audit on the individual MRO performance of any business.

That right may not be exercised in the case of most businesses, but it remains handy in case abuses develop that require investigation. And if inquiry indicates the abuses have become too widespread, the self-service feature may have to be replaced by something more formal, or appropriate punishments instituted.

### The Lenient View

When the mobilization program began on a relatively minor basis after the start of the Korean war, the pressure of shortages was slight enough for the government to take a lenient view of MRO requirements. To date, the policy has been to take the kind of action which will keep the present industrial and commercial machine in use to the fullest extent possible without wasting the scarce materials. This common-sense policy is still reflected in plans for MRO under CMP.

MRO was provided for originally in NPA Regulation No. 4, which carried the self-service feature which is being embodied in the new regulation. Section 3 gave every business, government agency, and institution the right to MRO equipment under a blanket grant of the DO rating system. "The NPA here-

by assigns . . . the right to apply a DO-97 rating to obtain MRO and minor capital additions," the regulation proclaimed.

All the business man had to do was to write on his order, or on a paper attached to it, the symbol DO-97 and the words "Certified under NPA Reg. 4."

"The certification," said the regulations, "shall constitute a representation to the supplier and to NPA that the person making it is authorized under the provisions of this regulation to use the rating to obtain the materials covered by the order."

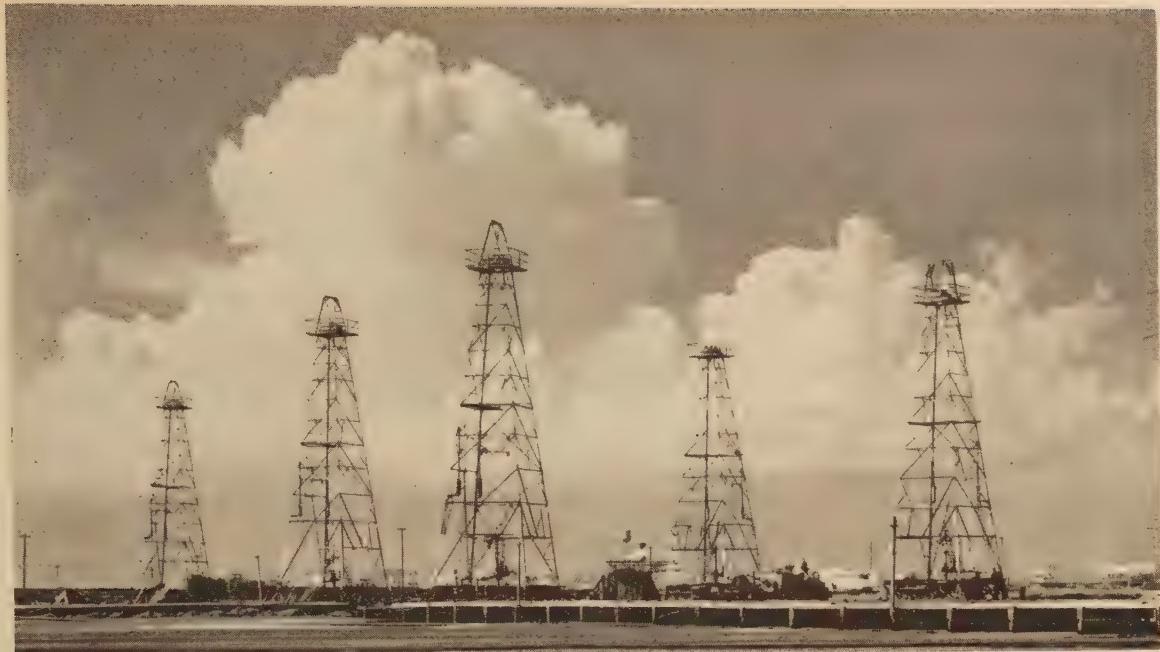
Maintenance was defined as "the continuation of any plant, facility, or equipment in sound working condition." Repair was described as "the restoration of any plant, facility, or equipment to sound working condition when it has been rendered unsafe or unfit for service by wear and tear, damage, failure of parts, or the like."

### "Operating Supplies" Defined

Operating supplies, said the regulation, "means, in the case of a business enterprise, any kind of material carried by such business enterprise as operating supplies according to its established accounting practice. Materials incorporated in a product are operating supplies of a business enterprise if — but only if — they were carried as operating supplies according to the established accounting practice of the business enterprise."

Further, it allowed the business

(Continued on page 26)



Freeport Sulphur Co.

Private industry is spending millions in search of new sulphur deposits along U. S. Gulf Coast

# What Happened To Our Sulphur?

ONE OF NATURE'S COMMONEST ELEMENTS TURNS ABRUPTLY SCARCE

**O**NE of industry's increasingly critical commodity shortages these days is reminiscent of the water that wasn't missed until the well ran dry. Sulphur, the common garden-variety chemical that everyone takes for granted, is high on the list of nature's most abundant elements. Few countries are without sulphur deposits in some form. Yet, for all its underground plentifullness, there is a sulphur shortage today that will get worse before it gets better.

Oddly enough, few people except the nation's big sulphur producers themselves saw the shortage coming. One explanation may be that for more than 30 years of war and peacetime production, sulphur has never before turned up on the critical list. The first hint of the squeeze came in the latter half of 1950 when sulphur producers were obliged to dip into their well-preserved stockpiles to accommodate the steadily increasing demands of sulphur buyers both in this country and abroad.

The 1950 statistics provide a quick index to the extent of the shortage. Last year, domestic producers of brimstone, by far the largest source of U. S. sulphur, mined 5,350,000 tons of the reddish-yellow mineral from deposits along the Gulf Coast of Louisiana and Texas. But sales of brimstone last year amounted to 5,700,000 tons, meaning that 350,000 tons of brimstone had to be taken from previously-mined stocks. The result was that by January of this year the nation's sulphur stockpile had suddenly dwindled to a six-month supply, compared with a normal two-year reserve before World War II.

## Stockpile At Minimum

Since a six-month sulphur stockpile is regarded as an absolute minimum requirement, sulphur consumption this year cannot exceed actual production. And, according to authoritative estimates, the deficiency between 1951 production and demand will probably reach 1,000,000 tons. In the words

of Defense Minerals Administrator James Boyd, there is no doubt whatever that the United States faces a "critical" sulphur shortage for the rest of 1951 and perhaps for some years to come.

Government agencies responsible for keeping defense and essential civilian production rolling smoothly have not yet hopped to the front with a Washington cure-all for the sulphur pinch. Some steps have been taken to husband our dwindling supplies. Sulphur producers have been directed to allocate shipments to U. S. allies, but there is a joker in the order. Although foreign buyers, since the beginning of this year, have been restricted to 86 per cent of 1950 shipments, more than one U. S. sulphur producer believes this quota level is unduly benevolent and should be reduced immediately in favor of domestic consumers. Meanwhile, the government has considered, but not adopted, domestic allocations, for the time being allowing producers

to continue voluntary allocations to consumers at home.

The government's expressed attitude toward the sulphur shortage is that private industry is in the best position to work out a solution. It may take several years before the solution is found, but in the meantime the government apparently intends to stay out of the problem, unless asked for financial help or some other type of assistance provided for by the Defense Production Act. To understand this unique official attitude it is necessary to consider the complicated circumstances which have brought on the sudden shortage.

While relatively unfamiliar as most chemicals go, sulphur actually enters into the manufacture or processing of nearly every industrial product known to Americans. There are, for example, 35 pounds of sulphur in the average automobile, 65 pounds in every ton of rubber, 18 pounds in every ton of steel, 37½ pounds in every ton of newsprint, and 174 pounds in every ton of 3-8-3 fertilizer. Two-fifths of a pound of sulphur are required to refine every barrel of crude oil (in the U. S., 1,971,845,000 barrels were refined in 1950).

### Soaring Demands

A major reason for the current shortage is the fact that industrial and agricultural demand for sulphur during the last decade has been running far ahead of overall commodity demands. Per capita consumption of fertilizer (sulphur's biggest end use), chemicals, and rayon and cellulose film in 1950 was almost three times the 1935-39 average, and shipments of brimstone last year to all domestic consumers was 180 percent above prewar shipments. As a result, the average citizen last year consumed, in one form or another, no less than 75 pounds of sulphur, compared with a prewar average of only 35 pounds.

While domestic and foreign demands have been skyrocketing, worldwide supplies of sulphur have been falling, chiefly due to the failure of foreign producers to recover from wartime dislocations. Although the United States has more than doubled its sulphur production from a prewar average of

2,569,000 tons to 5,966,000 tons last year, the four other major world producers have not yet managed to restore their prewar output level.

Japan produced 859,000 tons of sulphur last year compared with a prewar average of 1,093,000 tons; Spain, 558,000 tons, compared with a prewar average of 1,116,000 tons; Italy, 628,000 tons, compared with a prewar average of 738,000 tons; and Norway, 311,000 tons compared with a prewar average of 418,000 tons. As a result, the United States produced slightly over half of the world's supply of sulphur in 1950, compared with a prewar average of less than a third of world supplies. Figured another way, U. S. sulphur production increased 134 per cent from prewar to 1950; foreign production increased but two per cent!

### Price Factor Involved

While such comparisons would seem to indicate that foreign sulphur producers have lost all semblance of enterprise and initiative, that conclusion would not be wholly accurate. Actually, there are other factors involved in the disproportionate increase in U.S. and foreign production. Most important is the big difference in the cost of extracting sulphur from its several natural sources. The major source of sulphur, outside the United States, has always been pyrite. Mining and processing sulphur from pyrite is considerably more expensive, however, than producing sulphur from brimstone. With the so-called Frasch process,

U. S. brimstone can be converted into better than 99 per cent pure sulphur, by far the purest and cheapest sulphur possible to produce.

But brimstone mining on the other hand is no royal road to quick wealth. It is, in fact, not unlike buying a pig in a very costly poke — and you may wind up with no pig at all after spending your money. The reason for the big gamble is the tremendous complexity of extracting sulphur from quicksand-overladen deposits along the Gulf Coast.

The Frasch process, which is now universally used in the South, requires the erection of a complete plant above a new salt dome. Then pipes of various diameter are sunk into the underground dome. Superheated water is forced down one pipe to melt the sulphur, while compressed air is channeled down a second pipe to force the mixture of water and molten sulphur to rise through the remaining pipes.

The gamble in this unique process arises from the fact that it is necessary to erect a complete mining installation before it can be determined whether there is enough sulphur in the dome to make it worth mining! Thus far, over 200 domes have been discovered along the Gulf Coast, but sulphur has been successfully mined from only 12 and, of these, five have already been exhausted.

### The Big Gamble

One further fact is necessary to complete this economic cycle. U.S. brimstone mines that do prove successful deliver such an excellent and so nearly pure a product that it is virtually impossible for any producer using other sources to compete with brimstone. Comparative world sulphur prices bear out this fact. U. S. brimstone now sells at a mine price of \$21 to \$22 per long ton. Sales of sulphur from foreign sources have recently risen to as high as \$120 per ton.\*

The solution to the sulphur  
(Continued on page 51)



Superheated water plus compressed air brings molten sulphur to surface at Louisiana mine

\*The current U. S. sulphur price represents an increase of about 25 per cent over prewar prices, compared to increases of 61 per cent for iron ore; 103 per cent for bituminous coal, and 141 per cent for crude petroleum. At less than a cent a pound, sulphur is the cheapest of all elements.



## THEY'VE MADE IT FUN TO SAVE YOUR MONEY!

Banks are hustling, as never before, to attract new business

**I**T HAS taken a long time to dispel the once-popular notion of a banker as an arrogant gentleman who frowned at small depositors and wore striped trousers and a cutaway coat as symbols of his lofty position in society. But the nation's banks think they have finally accomplished the job. By personalizing banking services, by accommodating the banking needs of the "mass" as well as the "class" depositor, by modernizing their formerly austere quarters, and by hu-

manizing relations with customers, U. S. banks have earned their greatest public acceptance in years.

While maintaining traditional financial conservatism, banks are "merchandising"—in the full sense of the term—as never before. One bank sends a \$1 deposit certificate to the parents of each new baby in town; hundreds have availed themselves of the magic name of Hopalong Cassidy to promote savings by youngsters; and almost all have brightened up their advertising—

By BETTY SAVESKY

some to the extent of adding television programs to lure new customers.

Escalators have replaced stairways in many a marble bank lobby, and forbidding bronze cages have given way to attractively panelled counters and modern lounge chairs. Perhaps more important than these outward changes has been the progress toward meeting the needs of banking's long-forgotten "little customers." For the white collar girl, the factory hand, and the budget-minded housewife, banks have added no-minimum-balance checking accounts and personal loan officers who smile at the humblest customer.

### Depression-Born Trend

While most of this evolution in banking practice has occurred during the last 10 years, the seeds were planted back in the depression. A 1933 public opinion survey conducted for the banks showed such public ignorance of banking services and such unpopularity for the profession generally that the results were never published. Four years ago a similar survey showed that average Americans were not only more familiar with banking but strikingly more friendly toward the business.

Nevertheless, banks and bankers still face stiff competition from savings and loan associations and from personal finance companies. As a result, the banks are hustling as never before to attract and hold savings accounts and personal loan business. Even those that never have solicited savings business are going all out to promote it. Firmer interest rates on their earning assets recently enabled Chicago banks to raise their interest rate on savings deposits from  $1\frac{1}{4}$  to  $1\frac{1}{2}$  per cent, a development expected to help them in their competition for savings accounts.

More and more banks throughout the country are adopting training programs in public and customer relations for employes. The

committee on education and public relations of the Illinois Bankers Association this year held 28 clinic meetings throughout the state on how to train employees in customer relations and business development. Apathy on the part of bank guards, tellers and even loan officers was not uncommon in banks a decade ago. Today, all employees are being taught to smile at customers and to handle queries with patience and friendliness.

The Continental Illinois National Bank and Trust Company of Chicago has done an extensive job of humanizing and personalizing their service. Traditional vice presidency titles long ago were removed from desk top plaques at this bank with the result that to the public executives are all "staff men."

#### Customer Relations

Pamphlets supplied by the Illinois Bankers Association for distribution to bank personnel drive home the fact that employees represent the bank to every customer with these words: "You might be posting an item on a statement, routing a check, verifying a signature, handling mail, checking credit data, or doing office billing, but no matter what you do in your daily work, you are the bank while you're doing it."

To help employees identify themselves with the bank, the American

National Bank and Trust Company of Chicago has published a cleverly-written 12 page report to its employes on the bank's progress in 1950, winding up with the challenge, "We did a good job in '50, let's resolve to do even better in '51."

#### Educational Films

Banks have also launched an educational campaign aimed at the nation's school population. In 1949, the American Bankers Association produced two films for high school use, entitled "Pay to the Order of" and "How Banks Serve." The films have been viewed by thousands of high school students throughout the country.

Moses M. Shaw, director of public relations for the South East National Bank of Chicago, who first sponsored the film showings in Chicago, went along to parochial and high schools to answer questions and invite young members of the audience to visit his bank. The response was so gratifying that it led to the adoption of a film program by the Chicago district of the IBA.

In four months, IBA has shown the ABA films in 25 public and parochial schools in the Chicago area. At each showing a banker from the local community was on hand to answer questions and to invite bank tours by the students.



"Sit-down banking" in Chicago National Bank's modernized savings department

Next fall, the showings will be resumed.

Students were also the target of a radio play written in cooperation with Dewey M. Beck, director of public relations for IBA. This school-time radio broadcast was beamed last October by station WLS to classrooms in Illinois, Wisconsin, Indiana and Iowa. Entitled "Magic Coins," the program plugged the value of savings accounts. Bankers like Harold J. Bacon of the Home State Bank, Crystal Lake, Ill., followed through by presenting students who came in after the program with savings banks, complete with a starting 10-cent piece.

Some 300 banks (and competing savings and loan institutions) have already subscribed to a unique savings promotion called Hopalong Cassidy Bar 20 Savings Clubs. In six months of operation this year the cowboy-inspired drive has resulted in 300,000 new savings accounts among young children.

#### Savings Clubs

Some banks dress up their tellers in cowboy outfits and have western corrals in the lobby to promote their club. A minimum deposit of \$2 makes a child a "tenderfoot" in Hoppy's "saving rodeo," a \$10 account makes him a "wrangler," and from there he may progress by easy steps to the TV star's "own rating" —Bar 20 Foreman. Deposit requirement: \$500.

Conversational commercials are the keynote of such television programs as Chicago National Bank's nightly newscasts and City National Bank of Chicago's weekly March of Time flashbacks. The Northern Trust Company keeps both musical selections and commercials in a light vein on its weekly radio program.

Eye-catching window displays are another innovation for attracting customer attention. The Northern Trust, for example, devoted a window display to a colorful exhibit of foreign currency to promote its foreign trade services. The Exchange National Bank currently is devoting window space to art exhibits of local painters. In Providence, R.I., the Phenix National Bank recently featured a carnival window display, complete with

(Continued on page 38)

# When Is Competition Competition?

A member of the F.T.C. offers his

personal views on a matter of crucial importance to all industry

**W**HILE we are proud that we live in a country that produces a quarter of a trillion economy, we forget that a quarter of a trillion production is worse than useless unless we have a quarter of a trillion of sales. A continuous strip mill can whip out sheet steel at 30 miles an hour but what a mess there would be unless there was a sales organization standing at the shipping room door ready to distribute that sheet steel at the same 30 miles an hour?

Up till now there has been scant place in the governmental picture for salesmanship. While Government spends millions in expanding new techniques of production, its program towards distribution is one of contraction, suppression and harassment. The principal essential of salesmanship is the way you price your goods. Whatever way you price your goods is illegal if we are to believe the arguments advanced by those who decry free enterprise in this field of commerce.

#### F. T. C. Price Control

Congress has seen to it that the manner of distribution pricing comes under the almost complete domination of the Federal Trade Commission. How you can sell no longer rests on the individual judgment of private citizens. This strikes at the heart of sales liberty and should be the concern of all men, but especially of those who must maintain free enterprise if they would live.

Maybe you don't believe me because you eat, drink and live competition, and nobody has stopped you yet. To which I can only reply, the tyranny of this legislation is rendered attractive by the inefficiency of its application. But don't be lulled to sleep by the constant

By **LOWELL B. MASON**  
Federal Trade Commissioner

#### S P E E C H O F T H E M O N T H

Made before the National Sales Executives Convention, June 2, 1951.

protestations of staff members or commissioners that we have no intention of suing you for competing with one another, and don't think for a moment that a majority of the people on this earth even agree with your philosophy that competition is the life of trade.

The world is full of people who don't like to compete. Certainly the Communists reject competitive enterprise. If we take as a yardstick the populations of the opposing countries participating in the Korean war, we find 748 million people in the communal bloc against 240 million on our side of the table.

Now I don't mean to say 748 million reject competition. How

could they? Most of them never heard of it, but on the other hand, there are a lot of those 240 million in France, England and this country who know what free enterprise is about and have no use for it. And the easiest way to lose freedom in the marts of trade is to back up the Doughfaces in business, Congress and bureaucracy who want to soften the competitive struggle by wiping it out.

Take away from a salesman his right to receive compensation in accordance with his ability as he and his employer see it, and you strike at the base of free enterprise. Take away from a salesman his right to meet a competitor's lower price and you might as well fold up shop and blend yourself into the great protoplasmic blob of Communist slaves who crave the safety of serfdom.

#### A Doughface!

I mentioned Doughfaces a moment ago. If you haven't lately reread your history of the United States, perhaps you have forgotten what a Doughface is. Here is my definition of a modern, up-to-date Doughface: A Doughface is a man who crusades for something he doesn't want. A Doughface is a Senator who declaims against bigness but likes to do it over a billion dollar network or through a 100 million dollar newspaper syndicate. He wears duPont nylon shirts, rides around in a General Motors Cadillac and prefers Armour's or Swift's bacon to Joe's homemade salami. But he hates bigness!

A Doughface is the groceryman who wants to sell his food at the fair trade price but is glad the Supreme Court lets his wife buy cosmetics at the cut-rate pine board store. A Doughface is a bureaucrat who wants the right to sue and



Lowell B. Mason

enter cease and desist orders against all businessmen in interstate commerce, but who never expects to sue more than just a few selected victims.

Those of you engaged in merchandising products know the great power of selectivity. When your wife shops for tomatoes, she doesn't go to a store where there is only one tomato. Maybe that is all she wants. But she prefers to buy where she can look at ten thousand. She likes to poke and feel and smell the whole crop and then say,

"This is the tomato I want."

Selectivity is a great thing. We Doughfaces bureaucrats love it. We don't care for a statute or its interpretation which only allows us to sue violators of certain specific edicts. Doughfaces like a statute that lets us look over all men engaged in commerce and then say, "This is the tomato I want."

### Crazy Theories!

But government in its dealings with those who sell and distribute should not act like a housewife buying one tomato out of a thousand. There is such a thing as equal application of the law to all.

I would like to organize a country where we would enforce the law against every one, and then you would see dramatically just how crazy are some of the theories that are floating around Washington today.

Let's have a country where an association such as the National Sales Executives won't be allowed. I propose to call this country Nosalezonia. We won't actually make it illegal for sales executives to live. We'll just remove the profit motive from selling. We'll let you sales executives still hold meetings, but you will have to amend your charter and become either a social or a religious group. In Nosalezonia we will ban all discussions on how to promote markets, increase sales and make profits. Aggressive salesmanship is apt to encourage people to offer the public better goods for less money. And when you offer something better for less, that means your competitor is going to get hurt.

In Nosalezonia we are not going to let anybody get hurt. Nobody will gain anything by activity and nobody will lose anything by in-

activity. So the first thing we must do to peg the economy at a dead level is abolish the National Sales Executives.

Many people believe sales promotion is anti-social and a waste of time. They accept the communal life. They believe in production but they look upon all sales efforts as mere waste—the unholy expenditure of energy. Trying to foist your mouse trap on the public when any other will do just as well is a loss of valuable manpower.

They don't like salesmen, period! Order takers—yes! After all, somebody has to pass out the goods. But this vulgar notion that we should squander energy persuading people your peaches or parasols are much better than mine is a crazy American custom that must be done away with. In Nosalezonia we will fire all salesmen and put the advertising appropriations and incentive discounts into the government treasury for more equitable distribution amongst us bureaucrats.

Perhaps you wonder where I got the idea of creating a nation with no salesmen. If you read some of the cases now pending before the Commission, you will see the legality of functional discounts is being challenged. And I know of no quicker way to get rid of salesmen than to stop functional discounts.

### Policy Views

I have no intention of discussing these pending cases because as a judge I shall have to pass on their respective merits. But a Commissioner also serves in an administration capacity and as such I have no inhibitions about expressing my views as to the general policy. "Shall we or shall we not condemn functional discounts?"

Those sales executives whose companies produce goods need not worry about their own compensation. But you had best direct your thoughts to the sales executives of your distributors because if we ban the discount you pay your jobber or your wholesaler on the ground that it is more than you allow a retailer, then you might as well come on down and help me organize Nosalezonia.

Knowing that I was coming to the National Sales Executives Con-

ference where folks are willing to try anything once, I decided to draw up some rules for this new territory of Nosalezonia. I have tried to make them as simple as possible. They are all adapted from principles now being currently urged upon the Federal Trade Commission as expressive of what our present statutes require, so you can appreciate I am not just dreaming up these rules out of thin air.

Here they are:

1. All quantity discounts are out. Back in America, Mr. Justice Jackson in his Morton Salt dissent said: "The law in this case, in a nutshell, is that no quantity discount is valid if the Commission chooses to say it is not."

### Life In "Nosalezonia"

In Nosalezonia we won't fool around with individual suits. We will just ban all quantity discounts without litigation. If you can do it to everybody in America piece-meal, what's the use of spending the taxpayers' money on single suits? We can just as well get the whole thing over with in one fell swoop in Nosalezonia? As long as all quantity discounts are cut, we needn't bother to ban quantity discounts based on annual sales. This method of stimulating sales is, of course, illegal as far as the Federal Trade Commission is concerned so we won't have it in Nosalezonia either.

2. Sales to those customers who now use your product in the assembly of a finished product and who are in a position to make your product themselves will be excluded from your market, because we won't let you meet their "making price."

For a complete exposition of this rule, I suggest you read the trial examiner's report in the pending spark plug cases.

3. In Nosalezonia we shall prohibit the freedom of manufacturers to encourage aggressive selling through extra rewards for extra effort.

We'll outlaw all trade discounts based on compensation for special functions performed by distributors. Every price must be based on cost justification.

4. We shall outlaw the right of a producer to place his own valuation

(Continued on page 42)

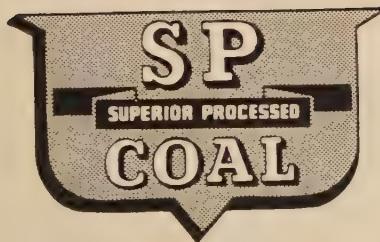


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## Now Meet "MRO"

(Continued from page 18)

man 100 per cent of the MRO supplies he used in a base period. He established this by computing what he had spent on MRO during the base period — in dollar value, and not by materials, since the latter would have entailed endless paper work.

### System Amended

An important complication came in the fact that the regulation barred the use of DO-97 for a list of specific items which included all basic chemicals, nylon fibers and yarns, packaging materials and containers, paint, lacquer and varnish, photographic film, rubber tires and tubes, and other articles. However, businesses were still able to buy these things without priority ratings, wherever they could.

Two factors caused the NPA to amend this system late in May.

First, business firms were using DO-97 for all MRO purchases, in many cases against a market which could have supplied what they needed without the rating.

Second, prices had gone up, and 100 per cent of the dollar value of a base period MRO supply no longer meant 100 per cent in actual supplies.

So NPA announced that DO-97 ratings could be used for 120 per cent of the base period. Half of the increase was designed to take care of increased costs, and half to permit expansions and increased use of available facilities, for which demand grew just at the time the supplies were diminishing because of the price factor.

To reduce the flood of unnecessary DO-97 certifications, the amendment provided that anyone who used the rating to acquire 20 per cent or less of his quarterly quota, could spend any amount he wished — subject to NPA's general use and inventory regulations — on buying MRO necessities without using the rating. This was designed to channel the priorities where they were actually needed.

Each business was given its choice of a base period: the calendar year 1950 or the fiscal year ending prior to March 1, 1951. DO-97 was made available also for minor capital ad-

ditions, up to 10 per cent of the quarterly quota or \$750, whichever was higher.

One other change was put in, to promote flexibility: companies with more than one plant within the United States, its territories and possessions, were given the option of deciding whether to establish quotas on the basis of individual plants or for the organization as a whole. Previously quotas were on a single plant basis.

The reason this plan now has to be changed is that after the third quarter of 1951, priority regulations will be almost entirely superseded by CMP regulations. The change, however, is to be as simple as possible, preserving what elements of the present system can be applied.

The business man who has been writing out his own priorities will—in effect—now write out his own allocations. His symbol, instead of DO, will be MRO. In actual practice his allocations will be used by the suppliers to claim for themselves the appropriate amounts of steel, copper, and aluminum to replace that used to manufacture the articles they have sold to honor the MRO allocations. In other words, the allocation will extend backward from the MRO purchaser.

### Policing Plans

Certain variables are being put into the new system. For example, railroad supplies are being taken completely out of MRO and will be taken care of by special arrangement with NPA's steel division. Replacement of steel rails would, of course, normally come under the heading of MRO for a railroad, but it requires so much steel that it was thought better to handle these requirements separately.

How will the government police this operation? By watching mill reports to see how much of the total output is devoted to MRO.

Statistically the NPA already has accumulated information indicating what proportion of output has been devoted to filling DO-97 orders, and if, say, five per cent of a mill's production has been used for this purpose, a jump to 7.5 per cent would draw quick attention.

It would mean, of course, that MRO was taking 50 per cent more than it had in the past, and would call for satisfactory explanation.

Depending on the circumstances, NPA might order a mill to stop honoring MRO allocations. This is the action it took when unnecessary use of DO-97 flooded mills with orders at the outset of this use of the priority system. If investigation determined the source of the increase, and the circumstances did not justify it, the ban on honoring MRO allocations might be applied selectively.

On the other side of the process, however, businesses which find themselves squeezed under the new regulation will be able to apply to NPA field offices for adjustment, providing appropriate information as to total operating expenses, total gross revenue, showing what proportion MRO represents of total cost, and justifying the reasons for change.

Otherwise the whole system is on an honor basis, although it is likely NPA will make occasional checks on compliance. The NPA's general counsel recently made a 13-state trip to see how the old system was working.

#### Records Needed

Besides providing the records on which his base period is established, the business man need make no reports, but he must keep his records for two years back and may be asked for a report showing how much he spent and what his inventories were. This will give NPA its post-audit opportunity if desired.

Will MRO work on this honor system, self-service basis? NPA thinks it will. The business man need not be surprised, however, if bugs turn up from time to time.

For instance, in the CMP meeting held at Cleveland, one of the questions that greeted NPA officials was: "Why can't we buy nickel on DO-97 ratings?" The answer was that NPA had notified the International Nickel Company not to sell on that rating, but had not listed it publicly, apparently through oversight, among the commodities barred from DO-97 priorities.

When NPA Reg. 4 was amended there were other products similarly

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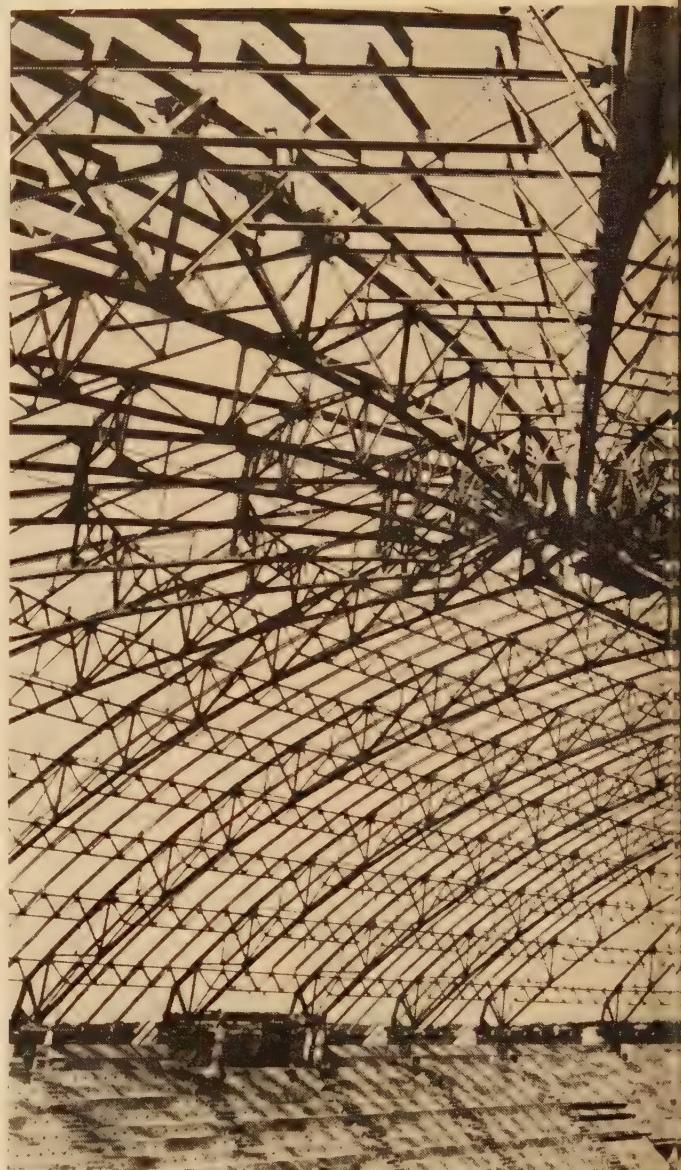
**7 YEARS IN THE ANTARCTIC.** Exposure to years of sub-zero temperatures had little effect upon the operation of two dielectric plants made by Witte Engine Works, now part of U.S. Steel. Originally taken to Palmer Land by the Byrd Expedition, they provided the camp with power 24 hours a day. Seven years later, the Ronne Expedition to the Antarctic got electric light and power from the same two units . . . after they had remained seven years in the "icebox!"



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omitted from the published ban without explanation — tungsten, molybdenum, and certain ferro-alloys.

Such mistakes are bound to creep in from time to time in the new

operation of MRO. The business man can be assured, however, that it remains government policy to be as generous as possible in keeping the economic machine up to its usual standards of maintenance, repair, and operation.

## Report To Industry On Japan

(Continued from page 15)

suffered by Germany." Sixty-six major cities were bombed, and 43 per cent of the built-up, largely industrialized area was reduced to ashes. Over 100 smaller towns and villages were also hit. Civilian casualties approximated 806,000, of whom 330,000 died. Physical damage to factories that escaped de-

struction reduced their productive capacity enormously. Oil refineries plunged to 17 per cent of capacity, aircraft engine plants to 25 per cent and electronic and communications plants to 30 per cent.

Since the war, the Japanese have worked with almost fanatic energy to rebuild their communities.

Tokyo, until World War II a city of 7,900,000 people, was 59 per cent destroyed between March and August, 1945; its population cut back to less than 3,000,000. Today 6,600,000 people are again living in Tokyo. Before the 1945 bombings Japan had 1,681,000 telephones, only 800,000 after the bombings. By last April the number had shot back up to 1,750,000! Already industrial production is estimated at 117 per cent of the 1932-36 average.

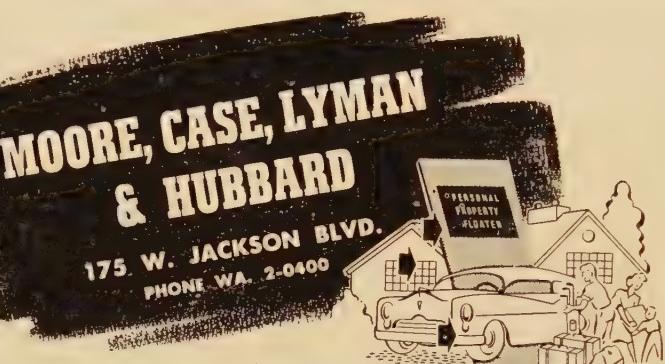
Though active again, Japanese industry is operating inefficiently, compared with pre-war standards. As a result, much of her output is overpriced for the low-income markets of east and south Asia, normally her biggest market. Japan's industrial inefficiency can be partly traced to wartime material shortages, which from 1937 to 1945 made it virtually impossible to replace worn out or obsolete equipment. More than half her present machinery is over 15 years old. Even in the steel industry, which was favored by government priorities during the war, over a third of the equipment is more than 21 years old!

### Plant Modernization

Thus, Japan's industrial plant is in dire need of modernization. Foreign machinery has begun to come in, but only in a trickle. Less than \$2,000,000 worth was imported in 1949, and in 1950 the figure was only \$6,700,000. This year, imports are expected to total slightly over \$13,000,000.

There are many reasons for the slow progress. For one thing, few foreign companies have sent representatives to Japan to emphasize the need for new equipment. On the other hand, few Japanese businessmen can afford to travel abroad in search of new machinery. Finally, the dissolution of the prewar capitalist class has brought into existence tens of thousands of small companies whose business know-how and capital resources are, at best, limited.

Japan also needs the help of American management experts to increase labor productivity and improve her products. By American standards, Japanese wage rates are pitifully low, averaging, as of last December, 12,764 yen or \$35.50 a month. Executives below the rank of president averaged about three



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times this figure. Wages cannot be raised, however, until labor productivity is greatly improved, and that will require solutions to many problems: inefficient methods, wornout machinery, inferior materials, unreliable raw material and parts supplies, frequent failures of electric power, shoddy designing, defective tools, dark and dirty factories, poor training, and lack of quality controls. The bill of complaints could be extended.

Right here you run into the problem of language—perhaps the biggest single barrier standing in the way of Japanese-American business cooperation. Barely one American in 5,000 serving with the occupation forces has learned to speak and write Japanese fluently. Interpretation of anything more than the simplest statement is difficult, and shades of meaning between Japanese and English are often missed by the most skilled interpreters. There is some promise, however, that means will be found to surmount this language barrier in the future. A more detailed discussion of the problem and possible solutions will follow in a subsequent article on business relations with the Japanese.

#### Number of Phones

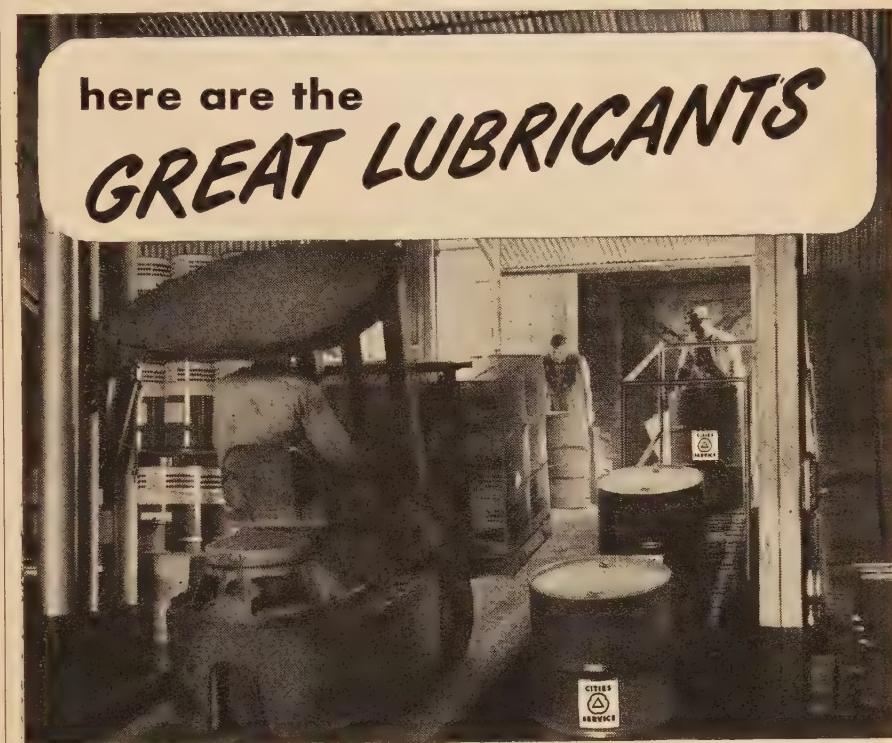
One index to the importance of Japan's "work-shop" role in the Orient is telephone development. Today, the United States has slightly over 44,500,000 telephones, Japan about 1,780,000. But this number is far above any of her neighbors in east and south Asia. China has 250,000 telephones; India, 128,911; Korea, 75,000; Turkey, 58,169; Indonesia, 35,750; Iran, 21,435; Malaya, 20,362; and the Philippines, 16,000.\*

More important, however, is the fact that all these Asiatic nations need Japan's industrial production more today than ever before. The population of nations in Japan's normal trading area has increased by 140,000,000 people since 1937, when normal commercial relations were interrupted by the Sino-Japanese war. In the intervening 14 years some of Japan's customers have gained their independence. Among all of them there is a mighty current of ambition and

enterprise aimed toward the common goal of raising their long-depressed living standards. This requires many things: more food, the importation of agricultural chemicals and implements, the building of roads and dams, and from abroad more locomotives, electric equipment, textiles and telecommunications equipment—to mention but a few of the essentials of industrial development. In their great favor is the fact that these peoples of the East are potentially capable of producing an abundance of things to exchange for such man-

ufactured goods, notably nickel, manganese, tungsten, raw silk, Manila fibre, copra, mica, tin, rubber, iron ore, oil, jute, wool, cotton, antimony and chromium.

Reborn Japan looks hopefully to the United States for a great many of the things she desperately needs today. American companies have the machinery she requires. They have the industrial know-how to improve her manufacturing methods and her labor productivity. The United States, above all other countries, has the capital so urgently needed in Japan. Thus, if Ameri-



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cans so choose, they can be of tremendous help to their former enemy and present-day friend. But should America pursue such a policy of helpfulness?

This big question suggests a number of correlative questions that must be answered before Americans are convinced that such a course is politically and economically sound. Here are the major issues involved and the frank opinions of this observer who has spent a large part of his adult life on the far shores of the Pacific.

**Is it wise to help rebuild a nation industrially that has recently been an enemy?**

It is probable that the whole program of raising living standards in the Western Pacific - Indian Ocean area hinges upon rebuilding Japan industrially, and making her industry efficient enough to produce goods designed for the low income Oriental market at prices this market can afford. By helping Japanese industry accommodate the special requirements of this vast market (they are not now, incidentally, being met by the indus-

trial nations of the West), Americans can indirectly assist a very large percentage of the needy people in the world. After the occupation forces leave, political stability in Japan itself will depend to a large extent upon the success of her industry. If her workers are fully employed, foreign agents advocating the overthrow of Japan's democratic government will have few listeners. The Japanese government is now sincerely friendly with the democratic countries of the West, and the Japanese people have in the past six years learned to admire the American troops stationed among them—a not entirely one-sided admiration, incidentally.

**Is it wise for the United States, also a buyer and seller in world markets, to encourage Japanese competition?**

A prosperous Japan offers a far better market for American goods than a poor Japan, and the same holds true for other countries in the Western Pacific-Indian Ocean area. As living standards in these countries rise, desires for better and a greater variety of goods will also

grow. For many years, the Japanese have not been able to travel freely, and consequently they are not familiar with the needs of that market. Americans who advise them should encourage the Japanese to fill these needs rather than engage in unprofitable competition with European and American firms.

**If help is given the Japanese, can it be done on a business-like non-charity basis?**

It has been necessary in Japan and elsewhere in the world for the United States to contribute to reconstruction and rehabilitation. The job is not yet finished, but as it progresses native pride rises. Now that the occupation may soon be ended by the conclusion of a peace treaty, economic aid faces sharp curtailment. Purchases of machinery, licenses to use foreign patents and capital loans will be on a businessman-to-businessman level. Industrial "know-how" however is a different matter. Although Japanese willingly pay money for machines and other tangibles their custom decrees that it is unnecessary to pay for advice. Perhaps the best illustration of this is in Japanese medical practice. Patients do not pay doctors for advice, but only for operations, bone settings, treatments, and medicines. This not only explains why a Japanese patient rarely leaves his doctor without at least a box of sugar pills, but also why Japanese industry is inefficient and her products often shoddy.

**Is it likely that Japan will have sufficient foreign exchange to buy machinery, pay for "know how," and service foreign debts?**

Japan's imports last year approximated \$960,000,000, her exports \$816,000,000, the deficit being made up by the largesse of the United States. As long as large-scale deficits continue, it is unlikely that the Japanese will have adequate foreign exchange. There are, however, many favorable influences at work in Japan to bring about a balance in international payments. At the present rate of construction Japan will have an ocean-going merchant marine of 1,930,000 tons by 1953—enough to carry half her foreign trade. This will reduce substantially the exchange required

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to pay for foreign transportation. Although Japan's tourist trade has never adequately developed largely due to her distance from North America and Europe, the postwar development of transoceanic aviation has changed this. Already two American airlines offer direct service to Tokyo and a third line flies to Japan by way of the Philippines. A Canadian company will institute service next year requiring only 9½ hours to fly from Vancouver to Tokyo! Extensive development of Japan's very promising tourist trade is expected to come rapidly with the release of the excellent hotels used by the Allied forces in the past six years.

A factor of great importance to Japan in balancing her international payments is the development of her trade with the nations of east and south Asia, which will enable her to obtain many products from these countries that she has been importing at much higher cost from the United States. This will not only help balance trade, but make available substantial sums for the purchase of U. S. machinery.

Considering her high birthrate and serious overpopulation, is it probable that Japan will again embark upon a policy of military expansion as an alternative to starvation and revolution at home?

Undoubtedly, if Japan tries to solve her population problem by way of military expansion, there can be no peace in east Asia. The overcrowding is being aggravated each year by a natural increase of 1,500,000 people. Japanese leaders are sincerely alarmed by the trend, and measures are being taken to slow down the population increase. That these measures give promise of succeeding is disclosed by the fact that in 1950 Tokyo had the lowest birth rate in its modern history—23.9 per 1,000. The attitude of the Japanese gives hope for a satisfactory solution to this crucial problem in the future.

(In the August issue of COMMERCE, the author will discuss in detail the machinery needed in Japan, what should be done to provide the Japanese with management "know how," what promise there is for capital investment in Japan, and what Americans should know who plan to do business with the Japanese.)

## Here, There and Everywhere

(Continued from page 8)

down? After a study of 14 stock splits and subsequent market performance, the New York Stock Exchange finds that in only two cases have share prices not advanced. Noting, of course, that the survey was conducted during a bull market, the exchange comments that split-ups usually involve companies with a strong growth factor, which in turn is reflected in market optimism. Of the 14 split-ups studied, the biggest rise was scored by the

shares of a drug firm which gained 200 per cent within two years.

- **Profitable Theory** — A CCNY student has won the first national Pierre A. DuVal Foundation Award for his one-year "earnings" of \$14,290.20 on a theoretical investment of \$25,000. The student did, however, wind up with \$500 in hard cash, the first of three awards by the DuVal Foundation "to encourage the study of profitable investment methods and to discourage speculative trading and gambling in stocks."



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# Invest in the MIDDLE WEST

Reviews of Middle-western Companies

By DANIEL F. NICHOLSON

**T**HE Pure Oil Company has had a full share in the remarkable growth and prosperity of the petroleum industry since the end of World War II and appears to be headed for further important gains from new properties and facilities being placed in operation this year.

The industry's rapid strides have reflected the great increase in the number of automobiles, buses and trucks; the increase in the use of oil and natural gas for heating, the rapid displacement of coal burning locomotives by the diesel-electric, and technological advances that have resulted in greater recoveries of valuable by-products from petroleum and natural gas.

#### Production Rising

Pure Oil's natural gas production and sales will be increased substantially this year. The company has already begun deliveries from one gas field located several miles offshore from Louisiana in the Gulf of Mexico, and will soon begin deliveries from another Gulf field, the Eugene Island field. Pure Oil believes the Eugene Island field is one of the largest gas reserves discovered in the United States, and has confirmed the presence of a "fair" oil reserve in it. Also scheduled for completion this year are three natural gas processing plants in Texas, in which the company has an interest.

Exploitation of the company's new Worland, Wyo., field began recently. Gas from the field is being sold to the Montana-Dakota Utilities Company, sulphur is being recovered by a plant built by the Texas Gulf Sulphur Company, and Pure Oil is operating new crude stabilization and gasoline plants. The company purchased marketing organizations nearby in South Dakota to assure an outlet that could

be reached at minimum cost. Several wells have been completed in upper sand at the Worland field to establish a substantial gas and condensate reserve in addition to oil production from the lower sands, the company reports.

Although the benefits of this expansion will not be fully realized until the latter part of this year, Pure Oil's earnings for the first three months of 1951 were "substantially" larger than for the same quarter of 1950, the company disclosed in the first quarterly report it has ever issued. Consolidated net earnings for the three months were \$7,213,000, equal to \$1.67 a share on the common stock after allowing for preferred dividends. The improvement was attributed chiefly to increased production of crude oil and an increase of approximately eight per cent in sales of refined products. The demand for gasoline and heating oils was at an all-time high and considerably greater than the industry had expected.

#### Integrated Concern

Pure Oil is engaged in all phases of the petroleum industry, including the production, transportation and refining of crude oil, and the retail sale of gasoline and other petroleum products. The company owns or leases 254,000 acres of developed oil and gas fields, and more than 2,400,000 undeveloped acres. The undeveloped acreage under lease was increased 25 per cent in 1950.

The most important of the oil producing properties are in West Virginia, Texas, Oklahoma, Louisiana, Wyoming, Mississippi, Illinois and Michigan. Five refineries are operated, located at Nederland, Tex., Toledo and Newark, O., Charleston, W. Va., and Midland, Mich. Total crude refining capacity is 113,300 barrels a day. Five natural gas plants owned by the com-



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pany have an aggregate intake capacity of 87,500,000 cubic feet of gas daily.

Pure Oil owns directly or through subsidiaries, ocean and lake tankers, river towboats and barges, pipe lines, and terminal storage facilities.

#### 24-State Marketing

The company markets its products at retail in 24 states, but concentrates primarily on the southeastern part of the country and in the middle west where advantage can be taken of low cost water transportation. Marketing is handled through 826 bulk distributing plants and 13,394 retail outlets, including both company and dealer owned facilities.

Trade names include Pure Pep, Pure Premium, Pureflight, Purelube, Purol, Puritan, and Guardian. Various advertising media are used to promote sales.

Pure Oil's sales of products in 1950 were the highest in its history at 1,923,208,000 gallons, of which gasoline accounted for 930,754,000 gallons and other products 992,454,000 gallons. The 1950 product sales were 14.6 per cent above

the 1949 total of 1,678,099,000 gallons. Major gains were recorded in sales of household heating oil because of cold weather in the late Spring and early Winter months; in sales of diesel oils to railroads, and in sales of lubricating oils which were up 54 per cent. Early in 1950 the company introduced a new line of lubricating oils and greases. New facilities for the production of lubricating oils at Smiths Bluff, Tex., were in operation for the first full year in 1950 and produced about twice the volume previously made in all other Pure Oil plants.

During 1950 Pure Oil opened new laboratories at Crystal Lake, Ill., and the company reports they are proving to be highly satisfactory. The laboratories provide nearly 90,000 square feet devoted to engineering, product and chemical research. The company claims a number of "firsts" as a result of its research, including the development of carbon disulphide used as a binder in textile manufacture, the development of anti-oxidants for gasoline, and important work in perfecting drilling muds.

Large capital expenditures have been required in order to keep up with new opportunities in the petroleum industry. Last year, for example, Pure Oil spent \$35,000,000, and in 1949 \$38,000,000, for investments, construction, and additions to fixed capital. The company's long range program includes geological exploration and new lease acquisition, the enlargement and improvement of refineries, research, and the improvement of marketing facilities.

Refining operations reached a new peak for the company last year with 39,627,323 barrels of crude oil processed, an increase of nearly 4,000,000 barrels, or 9.4 per cent, over the previous high year. An additional 3,353,876 barrels were processed by other companies for Pure Oil's account, bringing the total to 42,991,199 barrels of crude oil converted to products, against 38,858,000 in 1949, the previous high.

The company's gross crude oil production in 1950 totaled 29,037,849 barrels, and net production was 25,334,661 barrels. The latter figure was larger than that for 1949 but considerably under the production for several earlier years. Production was restricted to a low level by state authorities during the first six months of 1950, the company explained.

#### Record Gross

Although gross income for 1950 established a new record at \$229,880,683 as compared with \$263,388,206 for 1949 and the previous record of \$281,319,490 for 1948, net income of \$30,329,084, equal to \$7.06 a share on the common stock after allowing for preferred dividend requirements, was below the record of \$41,672,136, or \$9.91 a common share, earned in 1948. Costs, operating, selling and general expenses rose faster than gross income from 1948 to 1950, totaling \$233,573,180 in the latter year as compared with \$204,372,244 in 1948, an increase of \$29,200,936 against a gross income gain of \$18,561,193. Federal income and excess profits taxes amounted to \$10,505,735 in 1950 as compared with \$5,341,130 in 1949 and \$11,960,638 in 1948.

Following is a comparison of gross operating income, net income, and earnings per share of preferred

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and common stock, for the years 1941 to 1950, inclusive:

	Gross Op. Income	Net Income Pfd.	*Earn. Per Share	Com.
1950	\$299,880,683	\$30,329,084	\$68.55	\$7.06
1949	263,388,206	26,977,116	60.97	6.22
1948	281,319,490	41,672,186	94.19	9.91
1947	244,412,577	21,197,069	47.91	4.77
1946	178,888,074	17,107,961	38.67	3.74
1945	165,309,653	13,581,770	30.70	2.64
1944	166,061,822	16,392,178	22.60	3.13
1943	136,248,478	13,874,517	19.13	2.50
1942	123,301,315	13,761,826	18.97	2.47
1941	112,863,385	15,285,255	21.07	2.86

\* Based on shares outstanding at end of each year.

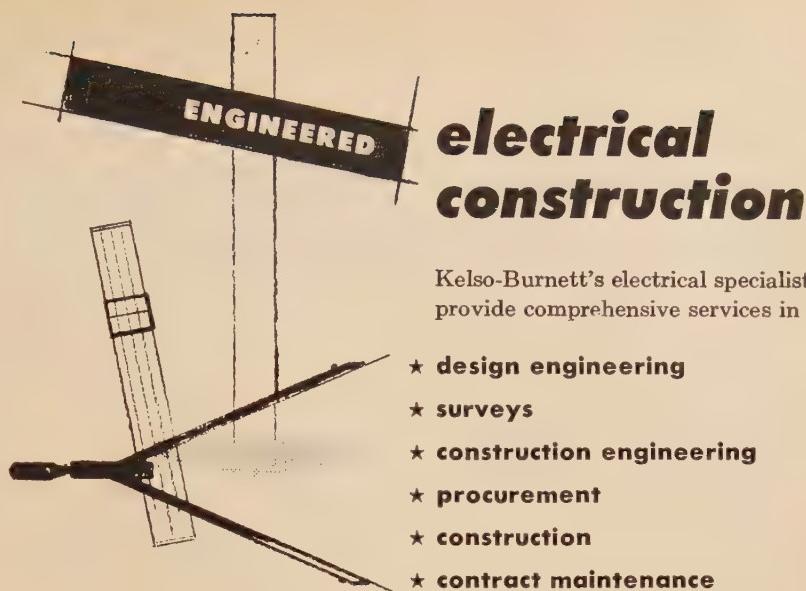
With large sums needed for expansion and for working capital, Pure Oil has followed a conservative dividend policy. Dividends in each of the last three years have been at the rate of \$2 a share on the common stock. Dividends have been paid on the common each year beginning with 1939. Payments were omitted from 1932 to 1936 and in 1938, while a payment of 25 cents a share was made in 1937. Other distributions were: 1947, \$1.50; 1946, \$1.25; 1945, 75 cents; 1944, \$1; 1943, 75 cents; 1942 and 1941, 50 cents; 1940 and 1939, 25 cents.

#### Capital Structure

Dividends accumulated on three classes of preferred stock formerly outstanding were cleared up in 1936, largely by means of an exchange for a new six per cent stock plus a certain amount in cash. Subsequently the company simplified its capital structure by retiring the older preferred shares. At the end of 1950 the capitalization consisted of \$23,425,000 of serial notes remaining of an original issue of \$31,000,000 dated July 31, 1945; \$4,246,066 of deferred purchase obligations, \$44,243,400 of 5 per cent cumulative preferred stock, and 3,982,031 shares of no par value common stock. Both the preferred and the common are listed on the New York Stock Exchange, and the common is also traded on the Midwest, Boston, San Francisco, Los Angeles, Cincinnati, and Philadelphia-Baltimore stock exchanges.

The plowing back of earnings has been reflected in the book value of the common stock. This figure stood at \$51.58 a share on December 31, 1950, against \$21.13 a share at the end of 1941.

Assets and net working capital have also made wide gains in the



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last few years. At the end of 1950 total assets of the company stood at \$308,724,653, against \$197,515,151 at the end of 1941. Net working capital of \$67,253,125 at the close of 1950 compared with \$24,719,281 on the earlier date. Current assets of \$93,227,069 included cash \$23,029,811, U. S. Government securities \$7,424,561, receivables \$20,468,141, inventories \$32,488,609, and materials and supplies \$9,815,947. Current liabilities aggregated \$25,973,944.

The company advised stockholders in the 1950 annual report that continued substantial capital expenditures will be necessary to meet both the normal increase in civilian demand and military requirements.

The report stated that the company would continue to concentrate on enlarging and improving refineries, particularly those close to its crude reserves or economically served by pipe lines.

The report for the first quarter this year disclosed that plans are being drawn for additional equipment for the Nederland and Toledo refineries. The new units will manufacture products for the armed forces, improve the flexibility of the company's operation, and increase the output of higher value light products, the report stated. Government approval has been received for accelerated tax amortization of the new facilities.

### They've Made It Fun To Save

(Continued from page 22)

miniature ferris wheel, merry-go-round and rocket ship, to promote the bank's picture checks.

Elsewhere banks have been sponsoring Sunday newspaper supplements. The Savings Banks Association of New York sponsored a New York Times Sunday supplement last Fall, containing articles with such provocative titles as "Has the Piggy Bank Gone for Good?" and "900,000 Junior Capitalists." Other articles dealt with the effect of inflation on consumer purchasing power, bankers' hours, free films on banking, and other services.

Advertisements of banks have had a jolt in the arm too. The City National Bank of Rockford, Ill., has been running a series of informal and highly readable ads covering such services as bank-by-mail, after-hours depository, safe deposit and savings. Customer literature is also more conversational and readable than ever. Chicago's LaSalle National publishes a six-page leaflet, entitled "The LaSalle Explorer," which includes such regular departments as "Personnel-Ities," featuring different employees around the bank; "Sallies from LaSalle," mixing jokes with news of promotions; cartoons; and informal explanations of various bank services.

Central National Bank in Chicago supplies business customers with a weekly analysis of economic developments.

Today bankers recognize that there is a greater need for banking services among all financial levels of the population than ever before. Higher wages and salaries have created a broader market for bank services. Meanwhile, heavy taxation of income and inheritances has made banks more dependent on the mass market.

Here are some enterprising ways by which Chicago banks are today serving the requirements of a broadened market:

Chicago National Bank makes sure white collar girls feel "at home" while discussing low-cost, signature-only personal loans by having two women loaning officers.

The Harris Trust and Savings Bank of Chicago has actively promoted savings business, including mail accounts, on which it pays the postage both ways. The Harris is credited by other Chicago loop bankers with having done one of the most effective jobs in employee training to replace the traditional air of austerity with an atmosphere of informal and interested friendliness.

Merchandise National Bank of Chicago has a no-minimum-balance checking account, only charge is 10 cents per check or 20 checks for \$2. An exclusive feature is automatic check credit, by which a customer may overdraw his account by a maximum of \$25 by making an automatic loan, repayable in full on the depositor's next payday. A

\$1 service fee is charged for each loan.

The Continental Illinois National Bank has a personal money order that is similar to a cashier's check yet is signed by the purchaser rather than by the bank. They are designed primarily for customers without checking accounts. When cancelled, these personalized money orders are retained by the bank.

#### Accelerated Check Collection

For companies selling their products over a wide area, the Continental Illinois has developed an individually tailored plan to accelerate the collection of checks. A typical plan has increased a company's working capital by many thousands of dollars through an arrangement which reduces collection time to one day on over half of the out-of-town checks deposited to its account.

The First National Bank of Chicago has been a leader among the big banks in promoting savings account business among savers of all sizes. It was a pioneer in establishing a separate department to handle the needs of women customers. Recently, to add to convenience and accessibility for patrons, the First National installed escalator service and built direct connections to the Rapid Transit Line subway. The First National has also developed a system to speed up check collections for commercial customers.

The City National Bank and Trust Company of Chicago pioneered in providing small and medium sized trusts with the diversification of investment and stability of income usually available only to larger trusts with its Common Trust Fund "A." Now three years old, the fund sells participation units to estates and distributes dividends on a pro rata basis. It pools the funds of many estates to obtain a spread of the investment risk over a large variety of bonds, preferred and common stocks. Continental Illinois National Bank and Trust Company now also offers this trust service to the accumulators of small estates.

The Exchange National Bank has a patented automatic savings account for customers of its loan department. Coupon books for loan repayment include a savings



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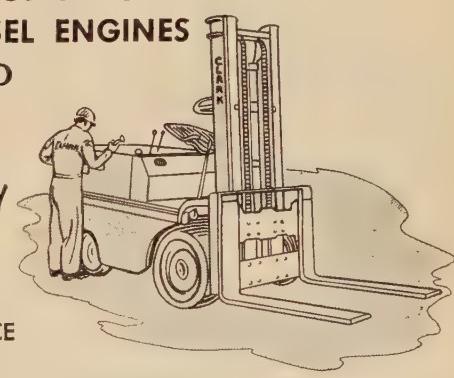
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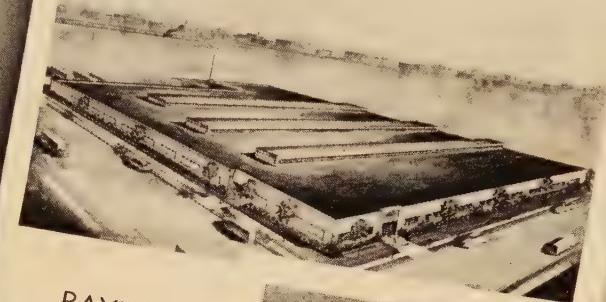
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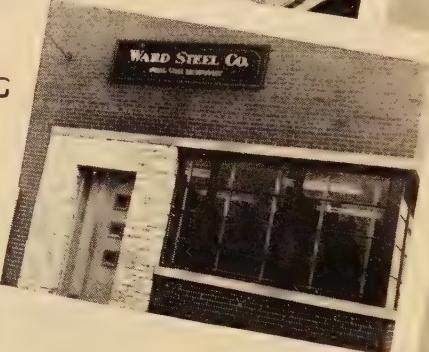


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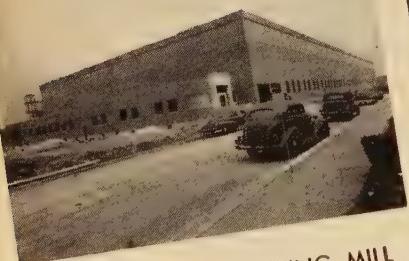
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The Central National Bank found many of its retailer accounts plagued with the receipt of counterfeit currency. After trying many different methods of solving the problem, the bank came out with a patented chart device called "Tel-A-Phony" which is distributed free to customers.

### Remodeled Chicago National

Most completely remodeled quarters in the Loop are those of Chicago National Bank's personal banking division. Gray walls, red tile floors, modern furniture and broken contour teller's counters are a far cry from traditional banking architecture and furnishings. Customers with leisure time can make savings deposits and withdrawals while comfortably seated.

Banks are now reaping the reward of their public relations efforts of the past several years. But theirs is an ever-continuing job of trying to serve the public better. "Banks currently stand high in public favor and esteem," says Robert Lindquist, vice president of the LaSalle National Bank and past president of the Financial Public Relations Association, which has done much to stimulate their progress. But, he adds, they must not relax their public relations programs in any way. "Public opinion is fickle," he warns, "and can change quickly."

"Long-range political and economic trends will continue to move America's banks along the road toward government domination and ultimate ownership, unless bankers everywhere—on Wall Street and Main Street—realize the vital importance of seeing beyond the dollar sign and thinking of their jobs in terms of serving and pleasing people."



## INDUSTRIAL DEVELOPMENTS IN THE CHICAGO AREA

INVESTMENTS in industrial development in the Chicago Industrial Area during June totaled \$7,555,000 compared with \$21,121,000 during June, 1950. Total investments for the first six months of 1951 amounted to \$219,520,000 compared with \$140,272,000 for the same period in 1950. These developments included expenditures for the construction of new plants, additions to existing industrial buildings, and the acquisition of land or buildings for industrial purposes.

**National Malleable and Steel Castings Company** has received a certificate of necessity for the expansion of both of its Chicago area plants, one in Cicero and the other in Melrose Park.

**Dole Valve Company**, 1923 W. Carroll street, has acquired 15 acres of land at the corner of Lehigh and Oakton streets near Morton Grove. The company will construct a large plant on this site, the first unit of which will contain 100,000 square feet. Sessions Engineering Company, engineer; Bully and Andrews, general contractor.

**Universal Sheet and Strip Metal Company**, 3232 W. 31st street, operator of a steel warehouse and picking plant, will construct a 95,000 square foot plant at 4900 S. California avenue.

**Clearing Machine Corporation**, Bedford Park, has purchased a 27-acre site near Joliet where a branch manufacturing unit for the Company's line of mechanical and hydraulic presses will be built. The first unit of the plant will contain 40,000 square feet.

**Griffith Laboratories, Inc.**, manufacturer of meat packers' supplies located at 1415 W. 37th street, has acquired the plant at 1445 W. 37th street which consists of several

buildings totaling 53,000 square feet of floor area. The property is located in the Central Manufacturing District.

**City Steel Storage Company** is constructing a 25,000 square foot building in Evanston at the corner of Hartrey and Greenwood streets where it will conduct its steel warehousing operations. Barancik and Conte, architects.

**Copco Steel and Engineering Company**, Detroit, manufacturer of structural steel products, has purchased a 7½ acre site in Dixmoor, Ill., where it will construct a branch plant of approximately 25,000 square feet. The plant will be utilized for the manufacture, assembly and warehousing of products of the company.

**McCaffery Manufacturing Company**, 2415 W. 14th street, manufacturer of plumbing supplies, has acquired a three-story building at 1840 W. 14th street containing 25,000 square feet of floor area.

**Soren Manufacturing Company**, Schiller Park, is constructing a 30,000 square foot addition to its plant. The company produces electric relays and switches.

**Lind Plastic Products Corporation**, 4451 W. Rice street, is constructing a 15,000 square foot factory in Lincolnwood. Reuben H. Johnson, architect; Carl Wanam, Inc., general contractor.

**Bentson Manufacturing Company**, Aurora, is constructing an 11,000 square foot addition to its plant. The company manufactures steel office furniture and other fabricated steel products.

**Riverdale Chemical Company**, Harvey, Ill., insecticide manufacturer, has started construction of a plant in Dolton. The plant consists of two plant buildings and

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office and laboratory buildings containing a total of approximately 14,000 square feet of floor area. The new plant will be operated in addition to its present facilities.

**Best Built Company of Illinois**, a newly organized company manufacturing prefabricated houses, is erecting a factory on a five-acre site fronting on Mannheim Road in Franklin Park. The plant will contain approximately 15,000 square feet of floor area.

**Burgess Norton Manufacturing Company**, Geneva, is constructing

a 10,000 square foot addition to its plant. The company makes automotive parts and equipment.

**A. R. F. Products, Inc.**, River Forest producer of precision electronic equipment, has acquired a building in Melrose Park which contains approximately 10,500 square feet of floor area.

**Amco Corporation**, 1220 W. Randolph street, maker of oil pumps and handling equipment, has acquired 22,000 square feet of floor area at 2030 W. Carroll avenue.

## When Is Competition Competition?

(Continued from page 24)

on the relative sales potentiality of his distributors. Such factors as financial stability, character and standing in the business community, coverage of territory, size of inventory, working capital and service promptness may be important considerations to the average American businessman who is seeking a competent outlet for his product. These may be attributes he is willing to pay for, but his freedom to use his own judgment as to the relative value of his distribution forces will not do in Nosalezonia any more than it does in the United States.

5. All merchandise must be sold on identical profit margins. The Nosalezonia Anti-Price Discrimination Act operates on the theory that it's unfair to make more money on one customer than you make on another.

In Nosalezonia we will make sure that Adam Smith's principle of indifference is religiously observed by not allowing producers to know the names or faces of their distributors. Everything will be done by lot so a producer won't be tempted to reward the respective capabilities of those who vend his wares.

We will have to watch out for over-ambitious order-takers. They are apt to up-grade into high-class salesmen. To prevent aggressive marketing in Nosalezonia we shall offer a bonus, not an incentive bonus but a decentive bonus. Instead of having market research departments, we will have market unsearch departments. Promotion will be out and demotion in.

By now you certainly get the idea I am driving at. And the question naturally comes to your mind as I close my remarks: Why does Lowell Mason make these ridiculous proposals to the Sales Executives Conference?

I have two very solid reasons for doing so.

First, I have applied Kant's formula to test what is right and what is wrong, namely, what would happen if the deed or its omission were universally applied. What would happen if the Federal Trade Commission were universally to enforce the edicts that some of its staff say are required under the present Clayton Act? Dropping all attempts at witticism, let me very seriously declare that the fanciful country of Nosalezonia is not half as absurd as the actual economic turmoil which will set loose upon this country if we enforce any such proposals.

I believe that unprejudiced students of economics and government in and out of the Federal Trade Commission are seriously concerned about what will happen to our country's distributive system if the other Nosalezonia crackpot notions are completely enforced here. Even in Washington, their most rabid advocates wince at any attempt to apply Kant's criterion to our whole economy. They hide behind the ambiguities in the law which say we only have to apply the law when competition may be injured. In view of the fact that the courts have said any price difference is a valid basis for a finding of the Federal Trade Commission that

competition may be injured, you can readily see the legality or illegality of your price structure rests not on law but on the whim of bureaucracy. If you come with me to Nosalezonia you will at least know what the law is. You won't have to rely on how some bureaucrat feels when he gets up in the morning, to determine if what you are doing is right or wrong.

If our economy is to grow progressively and dynamically, our system of distribution needs the right to branch out new feelers and capillaries towards the ultimate consumer. New variations in the reach for markets are necessary to test fresh avenues of distribution. Without the freedom to vary from established channels, American salesmen who are today the arteries of a vital commerce will become the varicose veins of a moribund business structure.

The producers and manufacturers are not the only people who need to scrutinize Congressional and administrative actions. It's time the Sales Executives of America read the Washington menu and learned what's cooking in the realm of government.

It's not enough to sell goods. We also have to sell economic democracy.

### The Weather Makers

(Continued from page 17)

damage. Many suggestions have come up. One means by which damage claims might be prevented would be by notifications of seeding well ahead of time.

The New York rain-making experiments wound up with 14 legal suits, claiming damages of \$288,333, filed against the city. Most claims involved the storm of last November 25 and 26 (which other weather experts might attribute to the results of five-mile high winds known as the jet stream and not to man-made interference with the weather at all). The suits came from an Ulster County farmer and from the upper New York state towns of Shandaken, Margaretville, and Fleischmanns, which claimed flood damage.

As a result, rain-making has moved squarely into the legislative field. Congress is considering a bill

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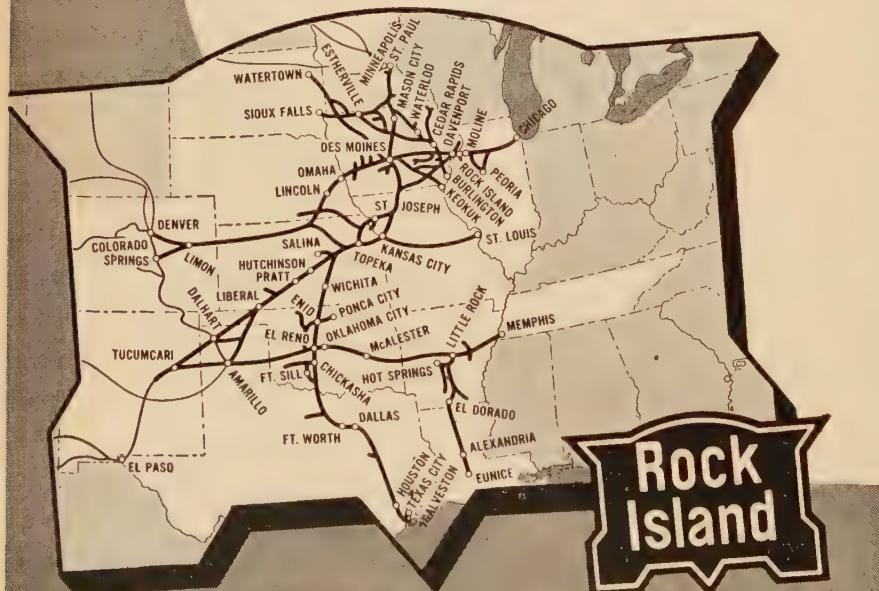
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establishing a Weather Control Commission and requiring qualified rain-makers to be licensed. Violators of the bill would face \$5,000 fines or two years in jail. In a case where the cloud seeding might have damaged the U. S. and aided a foreign nation, the penalties would rise to \$20,000 or 20 years. In connection with the control measure, Senator Clinton Anderson has declared that rain-making even has far-reaching military possibilities.

State governments are also scratching their heads over the problem. Last January, a group of farm organizations, including the Grange, the Dairymen's League, the Federation of Home Bureaus, and the Farm Bureau asked New York Governor Tom Dewey for legislation to control rain-making. The petitioners, with considerable justice, pointed out that control of the weather paralleled government control over radio waves. California is considering the licensing and regulation of rain-makers. Its state water resources board wants to avoid "irresponsible" persons tinkering with the smog over Los Angeles or the rich air over the Central Valley. Other state legislatures are considering similar bills.

### Jurisdictional Dispute

As in other fields of legislation, the old question of state vs. federal supervision has come in connection with rain-making. Opposed to federal control are a number of professional weather experts who contend that it would give undue emphasis to the role of the U. S. Weather Bureau, the haven of the most outspoken opponents of artificial rain-making. Advocating federal, or even international, control of rain-making are those who cite the widespread effects of cloud seeding. One rainstorm that started in New Mexico is said to have wound up in Kansas City. Cloud seeding in the Colorado River valley may have been responsible for a recent drought as far East as Louisiana and Missouri.

Aside from the legal and legislative squabbles produced by the rain-makers, there still remains the fundamental question of whether they are actually producing rain

(Continued on page 46)

# TRANSPORTATION and TRAFFIC



**T**HE Interstate Commerce Commission in its report in Docket No. 30690, Increased Parcel Post Rates, 1950, approved the rises in parcel post rates proposed last October by Postmaster General Donaldson. The commission also agreed to surcharges on parcels which because of weights, outside dimensions, or nature of contents are handled outside of mail sacks. These surcharges will be a maximum of 50 cents a parcel for those weighing over 50 pounds and 25 cents a parcel for those weighing 50 pounds or less. The postmaster general has also been authorized to establish zone rates on books to reflect ascertained service costs. Petitions filed with the commission by the National Industrial Traffic League and the National Council on Business Mail for reconsideration of the order authorizing the increase, have been denied.

**I.C.C. Releases Report on Lease and Interchange of Motor Equipment:** The Interstate Commerce Commission in its report on oral argument in Ex Parte No. MC-43, Lease and Interchange of Vehicles by Motor Carriers, prescribes rules and regulations to be observed by motor common and contract carriers of property in the leasing and interchange of motor vehicle equipment. The order, which becomes effective August 1, 1951, will only permit authorized carriers to perform transportation in equipment which they do not own under written contract or lease with the owner, which contract or lease must apply for not less than 30 days. This will eliminate trip-leasing of equipment by owner-operators to for-hire carriers. The lease or contract shall invest in the lessee exclusive possession, control and use of the equipment and shall specify the compensation to be paid for the rental thereof. Compensation

may not be computed on the basis of any division or percentage of the rate or rates or revenue earned on any commodity or commodities transported in said vehicle. The provisions of the order will not apply to equipment utilized solely for transportation within a municipality, contiguous municipality or commercial zone, nor to equipment without drivers leased by an authorized carrier from one whose principal business is the leasing of equipment without drivers for compensation. Also exempted is equipment leased by one authorized carrier to another authorized carrier and operated over routes and between points which both lessor and lessee are authorized to serve. Authorized common carriers may interchange equipment under contract, lease or other arrangement, which shall describe the equipment to be interchanged, the use to be made of such equipment and the consideration for such use. Under such interchange arrangements, each carrier must assign its own driver to operate the equipment and the traffic transported therein must move on through bills of lading issued by the originating carrier.

**I.C.C. Orders Maximum Loading On Canned Goods:** Acting upon the representations of the Defense Transport Administration, the Interstate Commerce Commission has issued Service Order No. 878, imposing heavier loading requirements on shipments of canned goods and foodstuffs in railroad freight cars. The order provides that no railroad shall accept for transportation (except to complete loading) any carload shipment of canned goods and foodstuffs canned, preserved or prepared (not cold-pack nor frozen), in packages, unless such cars are loaded, (1) up to marked capacity in pounds as stem-

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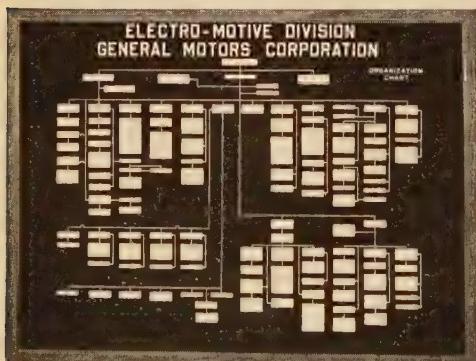
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cilled on car, or (2) to full visible capacity but not less than 65,000 pounds. Canned goods in glass containers of one quart or less, in cartons, must be loaded to not less than six tiers high, covering the entire floor space. Similar containers of more than one quart must be loaded in five tiers. The order becomes effective July 1, 1951. Similar heavier loading orders have previously been issued on grain products and by-products and lumber and lumber products.

## Trends In Finance and Business

(Continued from page 10)

wards durable manufacturing industries and government payrolls. There has been markedly greater employe turnover. There has been a significant rise in average hours worked.

On the average, the board found, wages have risen more in durable goods industries than in the nondurables. Aside from the printing, rubber products and "miscellaneous manufacturing" industries, no major industry has increased wages less than seven per cent.

While hiring rates in manufacturing in the first half of 1950 were generally well below those of 1947 and 1948, the board reports, they rose sharply in the second half of last year. The crest came in August, when industry hired 66 persons for every 1,000 on company payrolls. Industry's biggest addition of new workers occurred in a number of durable goods fields, notably iron, steel and nonferrous foundries; machine tools and accessories; radio, phonograph and television equipment; and airframes and engines.

## The Weather Makers

(Continued from page 44)

and just playing the odds on nature. One rainstorm "produced" by Irving Langmuir on September 14, 1948, dumped 100,000,000 tons of rain on 4,000 square miles of New Mexico. On July 21, 1949, Langmuir operated a ground generator for 13 hours sending 300 grams, or less than two-thirds of a pound, of silver iodide into the air after clouds had been spotted by radar. Heavy rain fell, reaching 1.2 inches around the generator. On

both days the rain was higher than that naturally expected. Statistically, Langmuir figures that the chance of such heavy rainfall on both days runs about one in 10,000,000. The unlikely results came from seeding, he believes, not chance.

His figures, however, are hotly attacked by scientists from the Weather Bureau, New York University, and Massachusetts Institute of Technology. They believe the increases of rain occur from natural causes. Ferguson Hall of the Weather Bureau admits that seeding starts clouds dropping their moisture earthward, but figures most of the man-made moisture evaporates before it ever reaches the ground. He also points out that seeding may cause the clouds to break up and blow away, thus decreasing the chance of rain.

#### Results Other Than Rain

An unbiased viewpoint may be, let's keep on experimenting. Rain isn't the only possible result. There are other attractive prospects. Langmuir's collaborator, E. J. Workman of the New Mexico School of Mines, believes cloud seeding might cut down on lightning during thunderstorms. There's also the problem of the effect on temperature. When two mils worth of silver iodide are released into a cloud in 30 cubic miles of air, the heat produced is almost equal to the explosion of an atomic bomb. Thus cloud seeding might affect climate patterns in other ways than rainfall. Even on the rain and snow level, the tool has possibilities. Chicago might dump its snow storms into the lake, by judicious seeding, instead of on its streets. In the tropics, seedings might throttle hurricanes at birth.

If it works, of course, regulation is essential. Then everyone could plan ahead, avoid running department store ads the day before cloud seeding and keep contractors happy by seeding on weekends. Regardless of the present controversy, somebody is going to decide, on an impartial basis, who makes rain where, when, and why. There is little doubt that further experiments will continue. And the chances are odds-on that the lawyers will grow gaunt and grey before the question—or rather the multitude of questions—regarding man-made rain are finally answered.

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# New Products

### Tough Combat Camera

Bell and Howell Company, 7100 McCormick Road, Chicago 45, has developed a light-weight, portable 35mm motion picture camera designed for Air Force use in recording combat operations. The extra-sturdy camera has a pre-threaded external film magazine, that may be replaced in 10 to 15 seconds; it may be remote controlled by a jet pilot to record the impact of rockets on a target area. Working equally well on a hot tropical run-way or in the sub-zero cold of 40,000 feet, the camera records landings and take-offs as well as high altitude combat operations.

### Auto Stabilizer

A new auto accessory, tested at Indianapolis Motor Speedway last May, is a "Gyro-Stabilizer", developed by Siltep, Inc., 5533 S. Western Avenue, Los Angeles 62. The device attaches to the chassis of any car and is said to control skids and maintain traction on ice, snow, wet or dry surfaces. Employing counter centrifugal force, the Gyro-Stabilizer helps redistribute the weight of a car after it has been upset at the beginning of a skid.

### Wagon-Go-Round

There's finally something new in children's wagons: a circular, all-steel one that revolves as it is pulled, thereby providing the effect of a merry-go-round. The "Wagon-Go-Round" is two feet in diameter and has two rubber side wheels and caster front and back wheels. It turns "fast enough for fun, not too fast for safety," says the manufacturer, Richans, Inc., Box 682, Inglewood, Calif.

### Voltage Control

"Sensivolt" is the name given a device which controls electrical machinery by reacting to very slight changes in the voltage of alternating current. Responding to changes as small as one-half volt, Sensivolt is said to be applicable on auxiliary power equipment at isolated station, for protection of motors and other electrical equipment, for step by step voltage relation and the control of several selective voltage

circuits from a single variable voltage source. The manufacturer: Sola Electric Company, Chicago.

### Two-In-One Case

An attractive, leatherette case for beach, picnic or travel use that, in addition, contains a built-in, four-tube portable radio is the latest product of Electron Enterprises, 6917 W. Stanley Ave., Berwyn, Ill. The radio operates on a 67½ volt battery, augmented by two flashlight batteries.

### Filter Holder!

For the collector of smoking innovations, S. M. Frank and Company, 685 Fifth Ave., N. Y., has come up with a new type of cigarette holder. This one uses an adaptation of a "Medico" pipe filter, covered with gold, silver or white cellophane; the holder tip and lip tip screw into either end. When one filter soils it can be replaced.

### Skin Maker

Giddings and Lewis Machine Tool Company, Fond Du Lac, Wis., has begun production on a machine tool that is said to produce jet aircraft "skin" structures that are lighter and stronger than ever before made. The machine uses sheets of solid or rough-forged aluminum alloy to produce airplane surfaces and their strengthening elements as one unit, a process which, according to the company, will permit the use of thinner wings and smaller fuselages on high-speed jet planes. The new type of structure, first being made at Lockheed's Burbank, Calif., plant, will eliminate the necessity of welding or riveting into the plane the customary forest of struts, braces and girders.

### Water Sterilizer

An automatic, electrically-operated water sterilizer, through which runs four ultra-violet ray tubes, has been developed by the Harry P. Bridge Company, Philadelphia 7, Pa., for use on farms, motor courts, and suburban homes or hotels. The sterilizer uses no chemicals, adds no taste or odor to the water, yet is said to destroy all dangerous bac-

eria in the water that flows over the ultra-violet ray tubes. It purifies at the rate of 400 gallons of water an hour.

#### Adjustable Ironing Board

With an eye to housewife convenience, J. R. Clark Co., Spring Park, Minn., has introduced an ironing board that adjusts to six height positions for use while sitting or standing. A mesh metal top allows steam to escape, thereby speeding drying.

#### Lint Remover

Semrow Products Company, 6120 Northwest Highway, Chicago, believes it has the answer to the old problem of lint on the blue serge suit. Their answer: the "Tydi-Rol," consisting of a roller with an adhesive covering that picks up lint and other fuzz when rolled lightly over a material. When one layer is filled, you wind it off exposing a brand new layer.

### What Happened To Sulphur?

(Continued from page 20)

shortage is not likely to come overnight. New brimstone mines are currently being developed in Texas and Louisiana by three of the nation's four largest sulphur producers. Texas Gulf Sulphur Company and Jefferson Lake Sulphur Company each expect to have a new mine in operation this year, the first near Beaumont, Texas, and the second in Louisiana. Meanwhile, the Freeport Sulphur Company is building a new sulphur plant, entirely on barges, over Bay Ste. Elaine in Louisiana. The unique installation, capable of supplying nearly 2,000,000 gallons of superheated water, will extract molten sulphur from a dome that is two-thirds under water and ship it by barge to landbased storage facilities. The plant is scheduled to begin operations near the end of next year.

How much sulphur these mines will add to domestic supplies is a matter of speculation. Industry authorities are inclined to be pessimistic, however, pointing out that these mines, despite the extensive capital expenditure they represent, will fall considerably short of relieving the shortage. Meanwhile, production

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from some of the older brimstone mines is likely to decline.

Thus, new brimstone mines are only a partial solution to a problem that may well require action on a number of fronts. At least one major U. S. producer of sulphur believes the United States must restrict exports if it is to lick the shortage problem. As Langbourne M. Williams, Jr., president of Freeport Sulphur Company and the most vocal of domestic producers puts it, "A continuing shortage is inevitable as long as we are called upon to fill the global demands that are being made upon us."

At a press conference in New York last month, Williams singled out Great Britain, the largest foreign buyer of U. S. sulphur, for condemnation. The United Kingdom, and to a lesser extent other American allies abroad, have used political and diplomatic pressure on Washington to increase U. S. exports of inexpensive sulphur, he declared. While thus aggravating our domestic shortage, these foreign buyers, said Williams, have taken little or no initiative in developing their own sources of sulphur.

### Indolence Abroad?

Britain, Williams said, owns pyrites mines in Spain, but has not undertaken to increase supplies from that source. "If these countries were to make full utilization of their reserves," he added, "it would not be necessary for them to make such unprecedented demands upon our own brimstone production."

However indolent U. S. allies have been in developing sulphur sources, the low price of brimstone remains an important factor in the sulphur shortage. Exploration costs, like all other business expenses, are rising, yet the gamble on striking a successful brimstone deposit is as great as ever.

There are, of course, other sources of sulphur in the United States — notably the hydrogen sulphide in sour natural gas and in oil refinery gas, sulphur dioxide at smelters, and sulphate minerals like gypsum. Like the pyrites, these are all more expensive to exploit. But, say industry authorities, they will have to be developed, irrespective of cost, if the sulphur shortage is to be licked.

One of the most promising projects looking toward the extraction of sulphur from non-brimstone sources is being conducted by Chicago's Peabody Coal Company, whose 3,500,000-ton accumulation of low-grade coal rejects potentially represents a vast source of elemental sulphur. Sub-quality mines production, which many coal companies burn down to "red dog" but which Peabody has been accumulating since 1941, normally contains about 15 per cent sulphur. The problem, of course, is how to extract it. Peabody, as well as sulphur industry experts who are co-operating in the project, believe they have the answer in "fluidizing."

By this new method sub-quality coal is ground to coffee consistency and subjected to superheated steam. The process produces hydrogen sulphide, the colorless gas which seeps from sour gas wells and which can be reduced to pure sulphur by conventional conversion methods.

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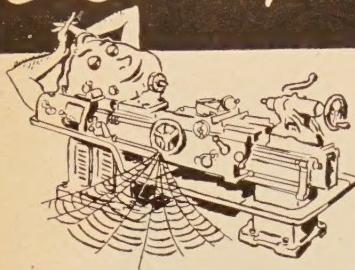
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under the direction of Dr. A. D. Singh, will begin extracting limited quantities of hydrogen sulphide from coal and coal rejects this fall as part of its coal industry research program. Furthermore, there is a strong likelihood that commercial production of sulphur from this source will begin next year under plans developed by Peabody and a major sulphur producer.

Laboratory research, sponsored by the I.C.P.C., indicates that the "fluidizing" method should make it possible to recover roughly 85 per cent of the sulphur in coal rejects. If so, Peabody's daily production of well over 1000 tons of coal rejects (not to mention accumulated stockpiles) represents a potential daily production of over 130 tons of sulphur, well above the accepted breakeven point for a sulphur plant. Thus, the coal-recovery program may become a significant factor in helping to relieve the sulphur pinch.

### Is There A Solution?

Although there is no single solution to the sulphur shortage, there may well be two solutions — one short-term and the other long-term. If domestic consumers are confronted with steadily diminishing supplies of sulphur this year — and producers are confident this will be the case — the case for cutting exports drastically will doubtless be strengthened. That question, however, involves national policy, and thus may not be resolved short of a brisk battle between "domestic interest" and "Allied goodwill."

The longterm solution to the sulphur shortage will, above all, require increased production both here and abroad. This, in turn, will require sulphur consumers to pay higher prices for sulphur extracted from less economical non-brimstone sources. As Freeport Sulphur's President Williams sums up the outlook:

"The long term solution to the shortage must be achieved through further expansion of production from higher-cost sources of sulphur. Sulphur industry members believe that the key to unlock this production is price. Most of this production would be relatively high cost, but the reserves of sulphur that could be obtained from these sources are vast."

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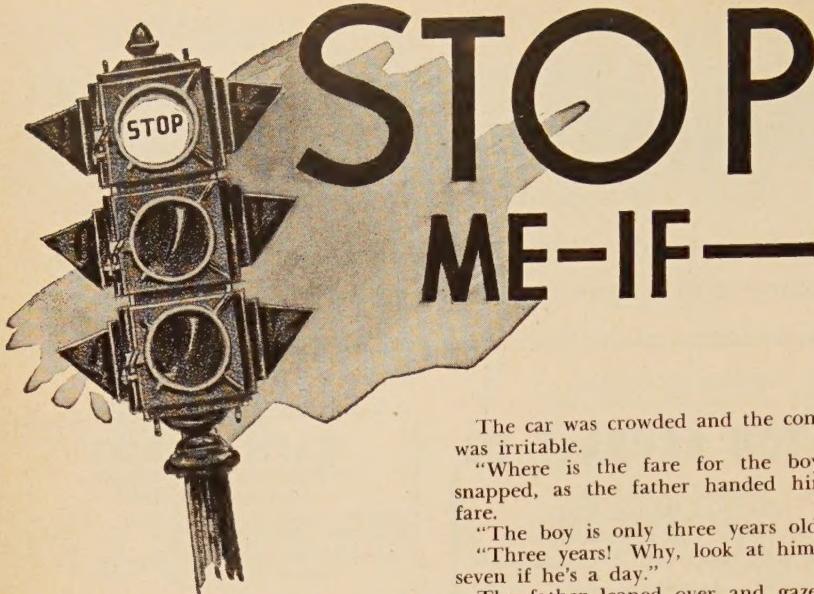
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The car was crowded and the conductor was irritable.

"Where is the fare for the boy?" he snapped, as the father handed him one fare.

"The boy is only three years old."

"Three years! Why, look at him. He's seven if he's a day."

The father leaned over and gazed earnestly at the boy's face. Then he turned to the conductor and asked, "Can I help it if he worries?"

\* \* \*

*A man returning home in the small hours of the night found a burglar jimmying the lock on his front door. Thinking quickly, the man whispered to the prowler, "I'll open the door if you'll go in first."*

\* \* \*

Two golfers, slicing their drives into the rough, went in search of the balls. They searched for a long time without success while a dear old lady watched them with kind and sympathetic eyes.

At last, after a half hour's search, she spoke to them. "I hope I'm not interrupting, gentlemen," she said sweetly, "but would it be cheating if I told you where they are?"

The District Attorney was questioning a Kentucky colonel in court. Unable to shake his testimony, he tried sarcasm.

"They call you colonel," he sneered. "In what regiment are you a colonel?"

"Well," drawled the colonel, "it's like this. The 'Colonel' in front of my name is like the 'Honorable' in front of yours. It doesn't mean a thing."

\* \* \*

"Henry!"

"Yes, dear?"

"There's a corner torn off your pay check."

"Yes, dear?"

"Well, what did you spend it for?"

\* \* \*

A man walked into a restaurant leaving the door open, whereupon a large fat man boomed, "Shut the door! Were you brought up in a barn?"

The little man went back, shut the door, sat down and began to cry. The fat man became uneasy, walked over to the man and said, "I'm sorry I hurt your feelings." The little man replied, "You didn't hurt my feelings about living in a barn, but it makes me homesick every time I hear a jackass bray."

\* \* \*

*Housewife: "Why should a big, strong man like you be out begging?"*

*Hobo: "Well, lady, it's the only profession I know in which the gentleman can address a beautiful woman like you without an introduction."*

\* \* \*

Six year old Jimmy was playing quietly in the back yard with one of his girl friends when he suddenly hit her and she ran home crying.

His mother came rushing outside. "Jimmy," she said, "you had no right to hit Susie. What did she do, anyway?"

"We were playing Adam and Eve," Jimmy replied, "and she ate the apple instead of tempting me."

\* \* \*

"What's the matter with Brown? He looks glum."

"He's been contesting his wife's will."

"I didn't know she was dead."

"That's just it. She isn't."

Little Bobby was called from his play to meet a visitor.

"How old are you, little man?" he was asked.

"I'm at the awkward age," he replied.

"Really?" asked the visitor. "What do you mean by the awkward age?"

"Too old to cry and too young to swear," was Bobby's reply.

\* \* \*

Two women were preparing to board the air liner. One of them turned to the pilot and said, "Now, please don't travel faster than sound. We want to talk."

\* \* \*

"You seem to have plenty of intelligence for a man in your position," sneered lawyer, cross examining a witness.

"If I wasn't under oath I'd return the compliment," replied the witness.

\* \* \*

*Mama — "Let's buy Junior a bicycle."*  
*Papa — "Do you think it will improve his behavior?"*

*Mama — "No. But it will spread his meanness over a wider area."*

\* \* \*

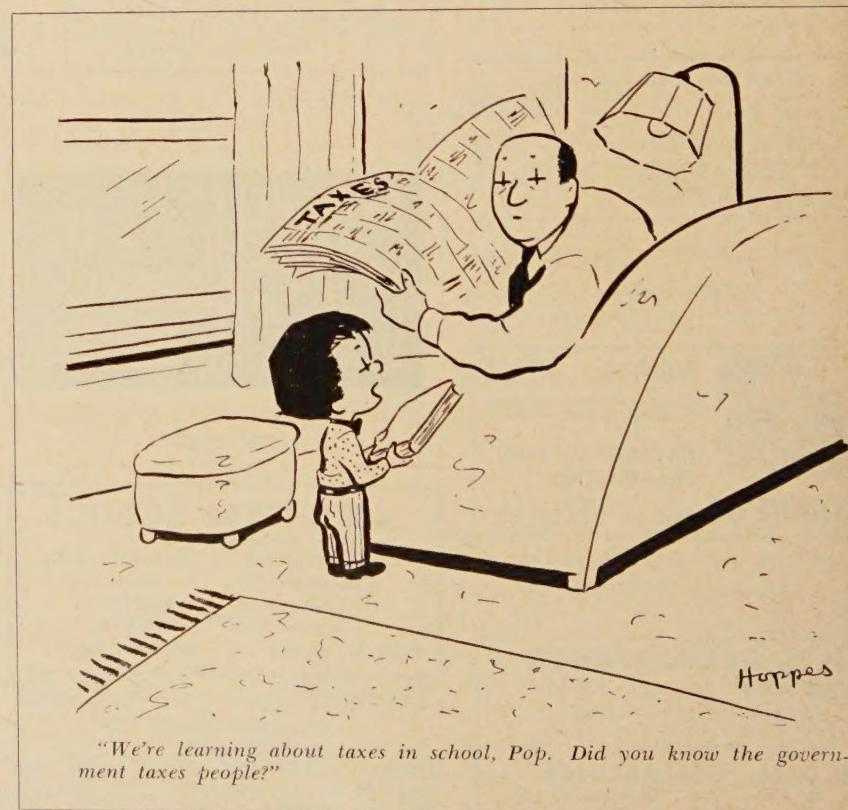
A grizzled old banker who pioneered in a small western town was being interviewed on his successful career.

Interviewer — "How did you get started in the banking business?"

"Old Banker—" 'Twas simple. I put up a sign saying: Bank. A man came in and gave me \$100. Another came in with \$200. By that time my confidence reached such a point that I put in \$50 of my own money."

\* \* \*

One evening a gentleman was leading green and purple dragon down Park Avenue. Both appeared to be enjoying themselves. Suddenly the dragon became playful and began to hop and jump all over the sidewalk. After about ten minutes of this, the gentleman became annoyed and said, "Listen, buddy, if you don't behave yourself I'll take a Bromo Seltzer, and then where will you be?"



"We're learning about taxes in school, Pop. Did you know the government taxes people?"